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**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, October 24, 2016 1:04 PM  
**To:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS)  
**Subject:** FW: DRAFT Summary of Real Alternatives PA Audit

Do you know if this information has been forwarded. I understand that Indiana has now begun an audit based on this concern in PA.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, September 28, 2016 2:04 PM  
**To:** Dunbar, Paulette Dobynes (DHHS) <dunbarp@michigan.gov>; Charest, Deanna (DHHS) <CharestD@michigan.gov>  
**Subject:** DRAFT Summary of Real Alternatives PA Audit

Good afternoon,

We wanted to call to your attention a news article from the Pittsburgh Post-Gazette that follows a previous article from this past April that described concerns raised by an audit conducted by the Pennsylvania Department of Human Services of the Pennsylvania based non-profit organization, Real Alternatives. The initial audit raised concerns that a portion of state funds intended to reimburse for direct services for pregnancy testing, counseling and pregnancy support were inappropriately directed to program promotion activities in other states around the nation. The follow up article reports on the Pennsylvania Auditor General's decision to initiate an audit to assess these expenses.

Real Alternatives is the Pennsylvania based organization that MDHHS has contracted with since FY 2013-14, at the direction of the legislature, to provide equivalent abortion-alternative services in Michigan. Below are the current and initial Post-Gazette articles and the National Partnership for Women and Families, Women's Health Policy's report of the initial audit.

<http://www.post-gazette.com/news/state/2016/09/26/State-to-begin-audit-of-abortion-alternative-group/stories/201609260035>

<http://www.post-gazette.com/news/state/2016/04/27/Audit-raises-questions-about-tax-money-spent-by-anti-abortion-nonprofit-group/stories/201604260033>

<http://www.womenshealthpolicyreport.org/articles/pa-audit-CDCs.html>

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

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**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, October 26, 2016 9:26 AM  
**To:** Hallenbeck, Deb (DHHS); Dunbar, Paulette Dobynes (DHHS)  
**Subject:** RE: Request for Audit advice for a contract with Real Alternatives

Thanks. To my knowledge this kind of review has not been done. I believe all we did was pass this issue up the channels. So perhaps we can talk about how to do this going forward when we meet.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Tuesday, October 25, 2016 5:13 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Subject:** RE: Request for Audit advice for a contract with Real Alternatives

Forwarding this message as mentioned in my last e-mail...

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Wednesday, June 01, 2016 2:45 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Subject:** RE: Request for Audit advice for a contract with Real Alternatives

I would suggest an inquiry of the agency, and review of reported expenditures. What they reported as expenditures should be supported by their accounting records, invoices, and payments (cancelled checks). From this, you should be able to see if they are reporting the full "claim" to MDHHS, but only paying the provider 97%. You may want to start with a sample, and expand as needed. Or, given this appears to be a small amount (\$700,000 over 3 years), looking at 100% may not be too much to look at.

Much depends on what was included in the contract with respect to reporting requirements, applicable regulations/cost principles, reimbursement method, etc. So, without seeing the contract, it's difficult to advise. I'm assuming that it's a reimbursement method, and they are required to report actual costs, and they are required to comply with Federal cost principles. Although, this was state money (right?) and perhaps a different contract was used. The point I'm trying to make is that the contract will need to be looked at to determine the applicable criteria.

If assistance is needed, let me know, and we'll see what we can do to help out. I have new auditors that are just learning the WIC program now, and we are crunched for time in getting through our audit plan, but we can maybe squeeze some time out of them or someone else.

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, June 01, 2016 12:50 PM

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**Derman, Barbara (DHHS)**

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**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Tuesday, October 25, 2016 5:11 PM  
**To:** Derman, Barbara (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Taylor, Lucie (DHHS); Myers, Pamela (DHHS)  
**Subject:** RE: Contract Question

Hi Quess,

On the interest question, if they had been given money and did not spent it, which sounds like the case, then they probably earned some interest on it. There are requirements with Federal money when this occurs...they can generally keep up to a certain amount, but have to return the difference. If it's Federal money, let me know and I'll dig up the applicable requirement. But, if this wasn't Federal money, then those requirements are likely not attached to the money, and I'm not aware of any such State requirement. That's not to say there isn't such a requirement however. I advise checking with Accounting, as they may know. Another place to look would be the contract with the agency to see if this scenario is addressed. I'm copying Pam Myers on this in case she has a suggestion on this.

Regarding the PA and IN concerns, this was brought to our office's attention in June, and I provided a response on June 1<sup>st</sup> suggesting an inquiry of the agency, and review of their reported expenditures. I also pointed out that much depends on what was included in the contract with respect to reporting requirements, applicable regulations/cost principles, reimbursement method, etc. I'll forward that message to you.

If you'd like to meet to discuss this, go ahead and schedule a meeting through Outlook. To help make it a productive meeting, providing the contract ahead of time would be helpful.

Thanks,

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)



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**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, October 25, 2016 4:15 PM  
**To:** Hallenbeck, Deb (DHHS) <[hallenbeckd@michigan.gov](mailto:hallenbeckd@michigan.gov)>  
**Subject:** FW: Contract Question

Deb, for some reason this email bounced back. Trying again...

*Barbara (Quess) Derman, MSW*

---

**From:** Dunbar, Paulette Dobynes (DHHS)  
**Sent:** Thursday, October 06, 2016 8:56 AM  
**To:** Thomas A. Lang - Comcast IMAP <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** Re: Contract Question

Tom, we aRe going to have to check on this to get the right answer. We will get back with you.

Sent from my iPhone

On Oct 5, 2016, at 7:05 PM, Thomas A. Lang - Comcast IMAP <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)> wrote:

Paulette -

We've checked the contract, but we can't find a specific answer to this question:

Are we permitted to pour interest earned at the bank on contract funds back into the client services line of the budget, or does all interest earned have to be returned to the State of Michigan?

If interest must be returned, at what point are we required to do so?

Thank you!  
Tom

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**Derman, Barbara (DHHS)**

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Tuesday, October 25, 2016 5:11 PM  
**To:** Derman, Barbara (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Taylor, Lucie (DHHS); Myers, Pamela (DHHS)  
**Subject:** RE: Contract Question

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If you'd like to meet to discuss this, go ahead and schedule a meeting through Outlook. To help make it a productive meeting, providing the contract ahead of time would be helpful.

Thanks,

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)



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**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, October 25, 2016 4:15 PM  
**To:** Hallenbeck, Deb (DHHS) <[hallenbeckd@michigan.gov](mailto:hallenbeckd@michigan.gov)>  
**Subject:** FW: Contract Question

Deb, for some reason this email bounced back. Trying again...

*Barbara (Quess) Derman, MSW*

---

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**Sent:** Thursday, October 06, 2016 8:56 AM  
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**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** Re: Contract Question

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Paulette -

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If interest must be returned, at what point are we required to do so?

Thank you!  
Tom

**Derman, Barbara (DHHS)**

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Tuesday, October 25, 2016 5:11 PM  
**To:** Derman, Barbara (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Taylor, Lucie (DHHS); Myers, Pamela (DHHS)  
**Subject:** RE: Contract Question

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Thanks,

Deb Hallenbeck  
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**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, October 25, 2016 4:15 PM  
**To:** Hallenbeck, Deb (DHHS) <[hallenbeckd@michigan.gov](mailto:hallenbeckd@michigan.gov)>  
**Subject:** FW: Contract Question

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*Barbara (Quess) Derman, MSW*

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**Sent:** Thursday, October 06, 2016 8:56 AM  
**To:** Thomas A. Lang - Comcast IMAP <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
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Sent from my iPhone

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Paulette -

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If interest must be returned, at what point are we required to do so?

Thank you!  
Tom



**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, November 02, 2016 10:28 AM  
**To:** Hallenbeck, Deb (DHHS)  
**Subject:** RE: Real Alternatives

Thanks!

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Monday, October 31, 2016 4:05 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Cc:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

They are in numeric order. CFDA 93.558 starts on about the 79<sup>th</sup> page, and provides 35 pages of information about TANF.

I talked to Pam Myers about your desire to get information on TANF, and she recommended you contact Sue Kangas (our Department's Budget Director). According to Pam, Sue knows TANF inside and out, and should be able to help you. Also, you can talk to her about the issue of state funds being left on Real Alternative's contract that ends 12/31/16, and how to add on the TANF funds, and what must be spent first. I believe there should probably be a requirement to spend the State funds first, to avoid a possible "supplanting" issue.

I'm copying Sue on this to give a "heads up" that you may be contacting her to get information on TANF.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)

<< OLE Object: Picture (Device Independent Bitmap) >>

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 3:34 PM  
**To:** Geist, Laura (DHHS)  
**Subject:** RE: Real Alternatives budget amendment

I requested a budget of them after talking with Jeanette Hensler last Monday afternoon. I had a question from them today. I drafted answers and sent forward for Paulette to review, but she is out of the office. I'll forward these to you.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Geist, Laura (DHHS)  
**Sent:** Wednesday, November 02, 2016 10:28 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** Real Alternatives budget amendment

Hi Quess,

Did I by chance miss the budget information for the Real Alternatives contract? I don't recall seeing anything, and I can't find any emails from you in my inbox. I know we need to get that finalized to extend the agreement and add the additional dollars. Last I knew, you were going to get a proposed budget from the agency.

If you do have something, could you please re-send it me? Sorry that this dropped off my radar.

Laura

Laura A. Geist  
Departmental Analyst  
Grants Section, Bureau of Purchasing  
Michigan Department of Health and Human Services  
235 S. Grand Avenue, 12<sup>th</sup> Floor  
Lansing, MI 48933  
(517) 241-3932  
[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 4:14 PM  
**To:** Charest, Deanna (DHHS)  
**Subject:** FW: Real Alternatives

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Monday, October 31, 2016 4:05 PM  
**To:** Derman, Barbara (DHHS) <DermanB@michigan.gov>; Dunbar, Paulette Dobynes (DHHS) <dunbarp@michigan.gov>; Taylor, Lucie (DHHS) <TaylorL22@michigan.gov>  
**Cc:** Kangas, Susan (DHHS) <KangasS1@michigan.gov>; Myers, Pamela (DHHS) <Myersp3@michigan.gov>  
**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

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I talked to Pam Myers about your desire to get information on TANF, and she recommended you contact Sue Kangas (our Department's Budget Director). According to Pam, Sue knows TANF inside and out, and should be able to help you. Also, you can talk to her about the issue of state funds being left on Real Alternative's contract that ends 12/31/16, and how to add on the TANF funds, and what must be spent first. I believe there should probably be a requirement to spend the State funds first, to avoid a possible "supplanting" issue.

I'm copying Sue on this to give a "heads up" that you may be contacting her to get information on TANF.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
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**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 4:14 PM  
**To:** Charest, Deanna (DHHS)  
**Subject:** FW: Real Alternatives

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Monday, October 31, 2016 4:05 PM  
**To:** Derman, Barbara (DHHS) <DermanB@michigan.gov>; Dunbar, Paulette Dobyns (DHHS) <dunbarp@michigan.gov>; Taylor, Lucie (DHHS) <TaylorL22@michigan.gov>  
**Cc:** Kangas, Susan (DHHS) <KangasS1@michigan.gov>; Myers, Pamela (DHHS) <Myersp3@michigan.gov>  
**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

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I talked to Pam Myers about your desire to get information on TANF, and she recommended you contact Sue Kangas (our Department's Budget Director). According to Pam, Sue knows TANF inside and out, and should be able to help you. Also, you can talk to her about the issue of state funds being left on Real Alternative's contract that ends 12/31/16, and how to add on the TANF funds, and what must be spent first. I believe there should probably be a requirement to spend the State funds first, to avoid a possible "supplanting" issue.

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~~-----Original Appointment-----~~

**From:** Derman, Barbara (DHHS)

**Sent:** Wednesday, October 26, 2016 9:48 AM

**To:** Derman, Barbara (DHHS); Dunbar, Paulette Dobynes (DHHS); Hallenbeck, Deb (DHHS); Taylor, Lucie (DHHS)

**Subject:** Real Alternatives

**When:** Monday, October 31, 2016 2:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).

**Where:** MDHHS-WSB-3rdFlr

<< Message: RE: Contract Question >> << Message: RE: Contract Question >>

Meeting to discuss Interest and Contract Review issues for Real Alternatives.

Please let me know if this time works for you. It looked clear in your calendars. Thanks

---

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:04 PM  
**To:** Kangas, Susan (DHHS); Myers, Pamela (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS); Hensler, Jeanette (DHHS); Lucie Taylor; Hallenbeck, Deb (DHHS)  
**Subject:** RE: Real Alternatives

Good afternoon Sue,

Deb Hallenbeck suggested that you are the best person to give us some help in understanding the requirements of managing a contract for services funded with TANF funds.

As Background: Beginning in 2014, the legislature has funded a program to provide pregnancy counseling and support to women keeping unintended pregnancies. The legislature identified an organization in Pennsylvania, Real Alternatives, to contract with. Funding was state general funds. The program was slow to start up in Michigan and funding was rolled into a multi-year contract to allow for expenditure of these funds. The program has established services over the past year and currently has about \$280,000 unexpended funds and anticipates having about \$167,000 unspent by December 31, 2016. For FY 17 the legislature designated \$400,000 TANF funds to the program so we anticipate amending the contract to add those funds and extend through 2017.

We have several questions regarding monitoring TANF funds to assure compliance. What kind of audit and site monitoring are appropriate, etc. We assume that State funds need to be expended before the federal TANF funds are spent? Is that correct. We are wondering if you might have some time to meet with us to discuss ongoing monitoring of this program.

Thanks in advance for you help.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Monday, October 31, 2016 4:05 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Cc:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

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**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:04 PM  
**To:** Kangas, Susan (DHHS); Myers, Pamela (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS); Hensler, Jeanette (DHHS); Lucie Taylor; Hallenbeck, Deb (DHHS)  
**Subject:** RE: Real Alternatives

Good afternoon Sue,

Deb Hallenbeck suggested that you are the best person to give us some help in understanding the requirements of managing a contract for services funded with TANF funds.

As Background: Beginning in 2014, the legislature has funded a program to provide pregnancy counseling and support to women keeping unintended pregnancies. The legislature identified an organization in Pennsylvania, Real Alternatives, to contract with. Funding was state general funds. The program was slow to start up in Michigan and funding was rolled into a multi-year contract to allow for expenditure of these funds. The program has established services over the past year and currently has about \$280,000 unexpended funds and anticipates having about \$167,000 unspent by December 31, 2016. For FY 17 the legislature designated \$400,000 TANF funds to the program so we anticipate amending the contract to add those funds and extend through 2017.

We have several questions regarding monitoring TANF funds to assure compliance. What kind of audit and site monitoring are appropriate, etc. We assume that State funds need to be expended before the federal TANF funds are spent? Is that correct. We are wondering if you might have some time to meet with us to discuss ongoing monitoring of this program.

Thanks in advance for you help.

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

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**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Monday, October 31, 2016 4:05 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Cc:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 2:11 PM  
**To:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS)  
**Subject:** Draft Response to Real Alternatives Questions

Paulette and Deanna,

Wanted to send you a draft response to Kevin regarding his budget questions. Please see below and let me know what you think

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

Good afternoon Kevin,

Please see my response to each of your questions below in red. Please let me know if you need any further clarification.  
Thanks

**From:** Kevin Bagatta [mailto:ra-president@comcast.net]  
**Sent:** Wednesday, November 02, 2016 5:30 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Tom Lang <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** Re: Contract amendment 2017

Hi Quess:

We need a little guidance from you so we can provide the budget as you like.

- 1) We project about \$167,000 unspent funds remaining from the \$850,000 funds by December 31, 2016. I assume those funds will roll-over with the new \$400,000 – right? Yes, this is correct, we will roll over remaining funds as we have done in the past for this year.
- 2) The term of the new amendment will be through December 31, 2017 – right? Yes, we were thinking that the amendment should be through December 2017. (that was Jeanette Hensler's recommendation to me, to put December 31 as the end date for this amendment.)
- 3) In our proposed budget, you want to see the total as \$1,950,000? Yes, since we are rolling the 2017 allocation into the original contract and extending it through the year.
- 4) For our cost allocation process, we need to spend the remaining Michigan state funds first before we use the Federal funds – Ok? This is a question, we asked the budget folks, because we weren't sure.
- 5) We would love for you to accompany us on our site monitorings to see our review procedures and meet these remarkable counselors. Thanks, I look forward to accompany you on site visits. We are also developing a tool for our monitoring purposes from a state contract and TANF compliance perspective. We have just begun to develop the tool and will share it with you for comment prior to our visit.



Thanks,

Kevin

**From:** "Derman, Barbara (DHHS)" <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>

**Date:** Monday, October 31, 2016 at 4:26 PM

**To:** Kevin Bagatta <[ra-president@comcast.net](mailto:ra-president@comcast.net)>, "Thomas A. Lang" <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>

**Cc:** "Dunbar, Paulette Dobynes (DCH)" <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>

**Subject:** Contract amendment 2017

Good afternoon Kevin,

We would like to amend your contract to include the 2017 allocation of TANF funding to the program. As this year's funding is federal dollars, the new amendment will need to reflect federal funding and CDFA compliance..

Please complete a new budget for the year adding your 400,000 allocation and our budget office will prepare the contract and get it to you as soon as possible.

Also this year as you are now up and fully serving clients, we would like to plan up to three site visits to sub-recipients. I looking forward to meeting some of your service workers.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health

Michigan Department of Health and Human Services

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[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:15 PM  
**To:** FSRMDHHS; Klein, Breann (DHHS)  
**Cc:** Dunbar, Paulette Dobyne (DHHS)  
**Subject:** FW: Real Alternatives FSR  
**Attachments:** RealAlternativesFSRSept2016.pdf

Attached please find Real Alternatives FSR for September 2016

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**FINANCIAL STATUS REPORT**  
Michigan Department of Community Health

Local Agency Name <b>Real Alternatives</b>		Contract Number <b>20142043</b>		Page <b>1</b>	Of <b>1</b>
		Program <b>MI Pregnancy &amp; Parenting Support Services</b>		Code	
Street Address <b>7810 Allentown Blvd, Ste 304</b>		Report Period <b>1-Sep-16 Thru 30-Sep-16</b> <input type="checkbox"/> Final		Date Prepared <b>10/28/16</b>	
City, State, ZIP Code <b>Harrisburg PA 17112</b>		Agreement Period <b>1-Oct-13 Thru 31-Dec-16</b>		FE ID Number <b>23-2868660</b>	

Category	Expenditures		Agreement	
	Current Period	Agreement YTD	Budget	Balance
1. Salaries and Wages				
2. Fringe Benefits				
3. Travel				
4. Supplies and Materials				
5. Contractual (Sub-Contracts)				
6. Equipment				
7. Other Expenses				
Administrative Expenses	8,687.17	155,963.30	184,798.00	28,834.70
Services Expenses	47,786.48	1,109,085.33	1,365,202.00	256,116.67
8. TOTAL DIRECT	56,473.65	1,265,048.63	1,550,000.00	284,951.37
9a. Indirect Costs Rate #1: %				
9b. Indirect Costs Rate #2: %				
10. TOTAL EXPENDITURES	56,473.65	1,265,048.63	1,550,000.00	284,951.37
SOURCE OF FUNDS:				
11. State Agreement	56,473.65	1,265,048.63	1,550,000.00	284,951.37
12. Local				-
13. Federal				-
14. Other				-
15. Fees & Collections				-
16. TOTAL FUNDING	56,473.65	1,265,048.63	1,550,000.00	284,951.37

**CERTIFICATION:** I certify that I am authorized to sign on behalf of the local agency and that this is an accurate statement of expenditures and collections for the report period. Appropriate documentation is available and will be maintained for the required period to support costs and receipts reported.

Authorized Signature <i>Clifford W. McKeown</i>	Date <b>10/28/16</b>	Title <b>Vice President - Administration</b>
Contact Person Name <b>Clifford W. McKeown</b>	Telephone Number <b>717.641.7833</b>	

**FOR STATE OFFICE USE ONLY**

	Advance	INDEX	PCA	OBJ CODE	AMOUNT
Advance Outstanding					
Advance Issued or Applied					
Balance					

Message:

Authority: P.A. 368 of 1978 Completion: is a condition of Reimbursement	The Department of Community Health is an equal opportunity, employer, services, and programs provider.
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DOH-0384(E) (Rev. 4/04) (Excl) Previous Edition Obsolete

*Reviewed & Approved*  
*Barbara B. Dorman*  
*10/31/16*

Real Alternatives  
Actual Administrative Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	Sep 2016	Oct 2013 to Sep 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
President & CEO	38,413.41	17,999.59	4,172.75	57,475.03	-	(1,062.03)
VP - Administration	9,283.68	9,000.32	933.98	16,359.13	-	1,929.87
Assistant Director of Finance	1,776.88	0.12	-	1,776.88	-	0.12
Accountant	2,622.36	2,749.64	258.36	4,438.33	-	933.67
Bookkeeper	1,330.79	2,500.21	171.42	2,402.53	-	1,428.47
Professional Development	412.49	999.51	7.00	1,194.88	-	217.12
Accrued Vacation & Sick	-	-	-	-	-	-
Payroll Taxes	2,833.13	2,749.87	157.44	4,375.25	-	1,207.75
Workers Compensation Insurance	233.46	109.54	23.91	352.53	-	80.47
Pension	1,382.74	1,500.26	161.54	2,133.17	-	749.83
Employee Group Insurance	13,000.05	7,999.95	1,006.07	18,856.36	-	2,143.64
Job Advertising	-	1,000.00	-	1.05	-	998.95
New Employee Screening	-	500.00	-	-	-	500.00
<b>Total Personnel</b>	<b>71,293.99</b>	<b>47,199.01</b>	<b>6,892.47</b>	<b>109,365.14</b>	<b>-</b>	<b>0,127.86</b>
<b>Operating</b>						
Consulting	2,705.22	2,999.78	143.50	3,723.45	-	1,481.55
Legal	-	1,000.00	-	164.50	-	835.50
Postage/Shipping	1,104.87	2,000.13	4.60	2,252.44	-	852.56
Auditing	2,699.02	2,499.98	300.72	4,288.72	-	910.28
Travel/Lodging	312.68	500.32	(6.93)	305.75	-	507.25
Rent	8,071.15	9,999.85	940.29	13,059.91	-	5,011.09
Telephone Service	1,746.19	999.81	116.23	2,781.75	-	(35.75)
General Business Liability Insurance	383.58	500.42	42.80	604.87	-	279.13
Insurance - Directors & Officers	944.33	999.67	106.84	1,489.58	-	454.42
Office Expense	3,804.93	9,300.07	73.71	5,395.98	(0.06)	7,709.08
Computer Resources	11,899.00	1,500.00	-	11,899.00	-	1,500.00
<b>Total Operating</b>	<b>33,170.97</b>	<b>32,300.03</b>	<b>1,721.76</b>	<b>45,965.95</b>	<b>(0.06)</b>	<b>19,505.11</b>
<b>Equipment</b>						
Equipment Service Contracts	333.04	500.96	72.94	632.21	-	201.79
<b>Total Administrative Expenses</b>	<b>104,798.00</b>	<b>80,000.00</b>	<b>8,687.17</b>	<b>155,963.30</b>	<b>(0.06)</b>	<b>28,834.76</b>

Real Alternatives  
Actual Services Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	Sep 2016	Oct 2013 - Sep 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
Vice President	37,041.18	14,999.82	3,754.70	47,895.43		(854.43)
Services Coordinator	3,936.71	3,000.29	503.58	8,198.79		(1,261.79)
Services Assistance	863.45	499.55	670.61	4,622.80		(3,259.80)
Service Provider Approval	5,706.39	5,002.61	4.78	5,866.22		4,882.78
Billing Coordinator	4,196.60	3,500.40	102.96	5,554.88		2,142.12
Service Provider Monitoring	6,423.50	2,997.50	1,229.35	8,853.59		577.41
Hotline Counselor	552.54	1,000.46	39.40	1,086.23		466.77
Accrued Vacation & Sick						
Payroll Taxes	3,751.78	2,750.22	228.44	5,798.82		703.18
Workers Compensation Insurance	187.82	150.18	19.56	285.25		52.75
Pension	1,218.94	1,250.06	147.64	1,881.85		587.15
Employee Group Insurance	3,223.54	4,999.46	579.00	11,594.11		1,628.89
<b>Total Personnel</b>	<b>67,152.45</b>	<b>40,150.55</b>	<b>7,280.02</b>	<b>101,637.97</b>		<b>5,665.03</b>
<b>Operating</b>						
Client Education Materials	6,642.31	99,999.69	3,225.13	80,153.03		26,488.97
Services Advertising	124,068.13	100,999.87	(31.08)	212,264.92	0.06	21,803.02
Meetings/Seminars		5,000.00	1,860.78	2,306.16		2,693.84
Travel	1,081.64	5,000.36	554.01	5,003.54		3,078.46
Srvcs Database Consulting & Dev	14,702.94	10,000.06	85.00	15,881.69		8,321.31
Client Services	177,189.64	498,350.36	34,610.77	686,556.12		187,583.88
Hotline Referral System	553.59	499.41	71.05	932.80		120.20
Contract Closeout Cost						
<b>Total Operating</b>	<b>526,338.25</b>	<b>726,849.75</b>	<b>40,375.66</b>	<b>1,003,098.26</b>	<b>0.06</b>	<b>250,089.69</b>
<b>Equipment</b>						
Pregnancy Test Kits	1,711.30	2,999.70	130.80	4,349.10		361.90
<b>Total Services Expenses</b>	<b>595,202.00</b>	<b>770,000.00</b>	<b>47,786.48</b>	<b>1,109,085.33</b>	<b>0.06</b>	<b>256,116.61</b>

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, November 04, 2016 12:19 PM  
**To:** Klein, Breann (DHHS)  
**Cc:** Dunbar, Paulette Dobyns (DHHS)  
**Subject:** RE: Real Alternatives FSR

Thanks for letting us know, Breann. Does this mean that there is no contact person for this program in accounting?

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human ServicesW  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Klein, Breann (DHHS)  
**Sent:** Friday, November 04, 2016 7:08 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

Thanks Barbara!

I no longer work in this area so please only send it to the FSR inbox from now on ☺

Thanks!

Breann Klein  
Travel Services Unit  
Michigan Department of Health and Human Services

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:15 PM  
**To:** FSRMDHHS <[FSRMDHHS@michigan.gov](mailto:FSRMDHHS@michigan.gov)>; Klein, Breann (DHHS) <[KleinB1@michigan.gov](mailto:KleinB1@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** FW: Real Alternatives FSR

Attached please find Real Alternatives FSR for September 2016

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, November 04, 2016 12:33 PM  
**To:** Hallenbeck, Deb (DHHS); Kangas, Susan (DHHS); Myers, Pamela (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS); Hensler, Jeanette (DHHS); Taylor, Lucie (DHHS)  
**Subject:** RE: Real Alternatives

Thanks Deb

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Thursday, November 03, 2016 5:32 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>; Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Subject:** RE: Real Alternatives

Quess,

For monitoring questions, our Audit office can assist with those questions. Sue would be able to help with budget questions, and how to address the unspent state money issue.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)

<< OLE Object: Picture (Device Independent Bitmap) >>

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---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:04 PM  
**To:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>

~~Also, you can talk to her about the issue of state funds being left on Real Alternative's contract that ends 12/31/16, and how to add on the TANF funds, and what must be spent first. I believe there should probably be a requirement to spend the State funds first, to avoid a possible "supplanting" issue.~~

I'm copying Sue on this to give a "heads up" that you may be contacting her to get information on TANF.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)

<< OLE Object: Picture (Device Independent Bitmap) >>

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-----Original Appointment-----

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, October 26, 2016 9:48 AM  
**To:** Derman, Barbara (DHHS); Dunbar, Paulette Dobynes (DHHS); Hallenbeck, Deb (DHHS); Taylor, Lucie (DHHS)  
**Subject:** Real Alternatives  
**When:** Monday, October 31, 2016 2:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).  
**Where:** MDHHS-WSB-3rdFlr

<< Message: RE: Contract Question >> << Message: RE: Contract Question >>  
Meeting to discuss Interest and Contract Review issues for Real Alternatives.

Please let me know if this time works for you. It looked clear in your calendars. Thanks



**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, November 04, 2016 12:33 PM  
**To:** Hallenbeck, Deb (DHHS); Kangas, Susan (DHHS); Myers, Pamela (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS); Hensler, Jeanette (DHHS); Taylor, Lucie (DHHS)  
**Subject:** RE: Real Alternatives

Thanks Deb

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**From:** Hallenbeck, Deb (DHHS)  
**Sent:** Thursday, November 03, 2016 5:32 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>; Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>  
**Subject:** RE: Real Alternatives

Quess,

For monitoring questions, our Audit office can assist with those questions. Sue would be able to help with budget questions, and how to address the unspent state money issue.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)

<< OLE Object: Picture (Device Independent Bitmap) >>

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**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 5:04 PM  
**To:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>;

Hensler, Jeanette (DHHS) <HenslerJ1@michigan.gov>; Taylor, Lucie (DHHS) <TaylorL22@michigan.gov>; Hallenbeck, Deb (DHHS) <hallenbeckd@michigan.gov>

**Subject:** RE: Real Alternatives

Good afternoon Sue,

Deb Hallenbeck suggested that you are the best person to give us some help in understanding the requirements of managing a contract for services funded with TANF funds.

As Background: Beginning in 2014, the legislature has funded a program to provide pregnancy counseling and support to women keeping unintended pregnancies. The legislature identified an organization in Pennsylvania, Real Alternatives, to contract with. Funding was state general funds. The program was slow to start up in Michigan and funding was rolled into a multi-year contract to allow for expenditure of these funds. The program has established services over the past year and currently has about \$280,000 unexpended funds and anticipates having about \$167,000 unspent by December 31, 2016. For FY 17 the legislature designated \$400,000 TANF funds to the program so we anticipate amending the contract to add those funds and extend through 2017.

We have several questions regarding monitoring TANF funds to assure compliance. What kind of audit and site monitoring are appropriate, etc. We assume that State funds need to be expended before the federal TANF funds are spent? Is that correct. We are wondering if you might have some time to meet with us to discuss ongoing monitoring of this program.

Thanks in advance for you help.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

---

**From:** Hallenbeck, Deb (DHHS)

**Sent:** Monday, October 31, 2016 4:05 PM

**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Taylor, Lucie (DHHS) <[TaylorL22@michigan.gov](mailto:TaylorL22@michigan.gov)>

**Cc:** Kangas, Susan (DHHS) <[KangasS1@michigan.gov](mailto:KangasS1@michigan.gov)>; Myers, Pamela (DHHS) <[Myersp3@michigan.gov](mailto:Myersp3@michigan.gov)>

**Subject:** RE: Real Alternatives

TANF's CFDA (Code of Federal Domestic Assistance) is 93.558

The following link is the OMB Circular A-133 Compliance Supplement for HHS's Federal Assistance and provides information on the CFDA's:

[https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133\\_compliance/2016/hhs.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hhs.pdf)

They are in numeric order. CFDA 93.558 starts on about the 79<sup>th</sup> page, and provides 35 pages of information about TANF.

I talked to Pam Myers about your desire to get information on TANF, and she recommended you contact Sue Kangas (our Department's Budget Director). According to Pam, Sue knows TANF inside and out, and should be able to help you.

Also, you can talk to her about the issue of state funds being left on Real Alternative's contract that ends 12/31/16, and how to add on the TANF funds, and what must be spent first. I believe there should probably be a requirement to spend the State funds first, to avoid a possible "supplanting" issue.

I'm copying Sue on this to give a "heads up" that you may be contacting her to get information on TANF.

Deb Hallenbeck  
Bureau of Audit, Reimbursement, and Quality Assurance  
PH: 517-241-7598 FAX: 517-241-7122  
E-mail: [HallenbeckD@michigan.gov](mailto:HallenbeckD@michigan.gov)

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-----Original Appointment-----

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, October 26, 2016 9:48 AM  
**To:** Derman, Barbara (DHHS); Dunbar, Paulette Dobynes (DHHS); Hallenbeck, Deb (DHHS); Taylor, Lucie (DHHS)  
**Subject:** Real Alternatives  
**When:** Monday, October 31, 2016 2:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).  
**Where:** MDHHS-WSB-3rdFlr

<< Message: RE: Contract Question >> << Message: RE: Contract Question >>  
Meeting to discuss Interest and Contract Review issues for Real Alternatives.

Please let me know if this time works for you. It looked clear in your calendars. Thanks

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, November 07, 2016 2:07 PM  
**To:** Klein, Breann (DHHS)  
**Subject:** RE: Real Alternatives FSR

Thank you Breann!

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Klein, Breann (DHHS)  
**Sent:** Monday, November 07, 2016 7:07 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

I would direct all questions to Matt Blackburn as he oversees that area.

Thanks!

Breann Klein  
[kleinb1@michigan.gov](mailto:kleinb1@michigan.gov)

**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, November 04, 2016 12:19 PM  
**To:** Klein, Breann (DHHS) <[KleinB1@michigan.gov](mailto:KleinB1@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

Thanks for letting us know, Breann. Does this mean that there is no contact person for this program in accounting?

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human ServicesW  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Klein, Breann (DHHS)  
**Sent:** Friday, November 04, 2016 7:08 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

Thanks Barbara!

I no longer work in this area so please only send it to the FSR inbox from now on ☺

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, November 07, 2016 2:08 PM  
**To:** Dunbar, Paulette Dobynes (DHHS)  
**Subject:** FW: Real Alternatives FSR

Paulette, FYI

I was concerned if we don't have a contact person in accounting any longer with any connection to this program, so I guess we would ask Matt if we had any issues.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Klein, Breann (DHHS)  
**Sent:** Monday, November 07, 2016 7:07 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

I would direct all questions to Matt Blackburn as he oversees that area.

Thanks!

Breann Klein  
[kleinb1@michigan.gov](mailto:kleinb1@michigan.gov)

**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, November 04, 2016 12:19 PM  
**To:** Klein, Breann (DHHS) <[KleinB1@michigan.gov](mailto:KleinB1@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

Thanks for letting us know, Breann. Does this mean that there is no contact person for this program in accounting?

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human ServicesW  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
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[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Klein, Breann (DHHS)  
**Sent:** Friday, November 04, 2016 7:08 AM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives FSR

Thanks Barbara!

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, November 14, 2016 10:31 AM  
**To:** Dunbar, Paulette Dobynes (DHHS)  
**Subject:** FW: Real Alternatives Financial Stmts  
**Attachments:** Financial Statements 06-30-2016 Audit Final[1].pdf

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
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[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Cliff [mailto:ra-finance@comcast.net]  
**Sent:** Friday, November 11, 2016 3:00 PM  
**To:** Derman, Barbara (DHHS) <DermanB@michigan.gov>  
**Cc:** Tom Lang <ra-operations@comcast.net>  
**Subject:** Real Alternatives Financial Stmts

Ms. Derman,

Please see attached copy of our recently completed audit for FY 15-16. Thank you for all your assistance in assuring the success of the program.

Best Regards,  
Cliff

REAL ALTERNATIVES  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2016 AND 2015  
AND  
INDEPENDENT AUDITOR'S REPORT



McKONLY & ASBURY

## REAL ALTERNATIVES

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## REAL ALTERNATIVES

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MEMBERS

AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Real Alternatives (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Real Alternatives as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information on pages 18 through 30 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of Real Alternatives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Real Alternatives' internal control over financial reporting and compliance.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016

**REAL ALTERNATIVES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 2,243,438	\$ 1,701,182
Accounts receivable	368,012	318,393
Accounts receivable - Service Provider advances	-	33,500
Prepaid expenses and other receivables	8,603	4,546
Inventories	<u>53,878</u>	<u>61,890</u>
Total current assets	<u>2,673,931</u>	<u>2,119,511</u>
Equipment, furniture, and fixtures (net of accumulated depreciation of \$175,502 and \$217,300)	<u>51,859</u>	<u>79,749</u>
Total assets	<u><u>\$ 2,725,790</u></u>	<u><u>\$ 2,199,260</u></u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 1,426,577	\$ 1,562,036
Line of credit	29,080	22,150
Accrued expenses	27,610	28,215
Refundable advance - DHS Grant	590,603	-
Operating advance payable - MDCH Grant	<u>116,666</u>	<u>116,666</u>
Total current liabilities	<u>2,190,536</u>	<u>1,729,067</u>
Net assets		
Temporarily restricted	253	-
Unrestricted	<u>535,001</u>	<u>470,193</u>
Total net assets	<u>535,254</u>	<u>470,193</u>
Total liabilities and net assets	<u><u>\$ 2,725,790</u></u>	<u><u>\$ 2,199,260</u></u>

The accompanying notes are an integral  
part of these financial statements.

**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 25,181	\$ 929	\$ 26,110
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services			
Program - DHS Grant	6,672,397	-	6,672,397
Program Development and Advancement Agreement	156,783	-	156,783
Michigan Program Revenue			
Pregnancy & Parenting Support Services			
Program - MDCH Grant	676,676	-	676,676
Program Development and Advancement Agreement	8,138	-	8,138
Indiana Program Revenue			
Pregnancy & Parenting Support Services			
Program - ISDH Grant	2,023,520	-	2,023,520
Program Development and Advancement Agreement	40,764	-	40,764
National Division Revenue			
Program Use Fee	-	-	-
Contracted Services Revenue	345	-	345
Interest income	1,306	3,220	4,526
Other income	4,425	-	4,425
Net assets released from restrictions	3,896	(3,896)	-
Total revenues, gains, and other support	9,613,431	253	9,613,684
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services			
Program			
DHS Grant, net of PA Program fundraising expense of \$70	6,697,035	-	6,697,035
Michigan Pregnancy and Parenting Support Services			
Program			
MDCH Grant - Michigan Program	680,540	-	680,540
Indiana Pregnancy and Parenting Support Services			
Program			
ISDH Grant - Indiana Program	2,004,339	-	2,004,339
National Division			
Services to Other State Programs	37,138	-	37,138
Prevention Programs	49,763	-	49,763
Supporting Services, Management & General	78,092	-	78,092
Fundraising	1,716	-	1,716
Total expenses	9,548,623	-	9,548,623
Change in net assets	64,808	253	65,061
Net assets, beginning of year	470,193	-	470,193
Net assets, end of year	\$ 535,001	\$ 253	\$ 535,254

The accompanying notes are an integral  
part of these financial statements.

**REAL ALTERNATIVES**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Contributions	\$ 12,680	\$ 4,551	\$ 17,231
Pennsylvania Program Revenue			
Pregnancy & Parenting Support Services Programs - DHS Grant	6,694,000	-	6,694,000
Program Development & Advancement Agreement	174,792	-	174,792
Michigan Program Revenue			
Pregnancy & Parenting Support Services Program - MDCH Grant	340,917	-	340,917
Program Development and Advancement Agreement	4,702	-	4,702
Indiana Program Revenue			
Pregnancy & Parenting Support Services Program- ISDH Grant	701,049	-	701,049
Program Development and Advancement Agreement	18,033	-	18,033
National Division Revenue			
Program Use Fee	10,000	-	10,000
Contracted Services Revenue	10,048	-	10,048
Interest income	5,009	-	5,009
Other income	2,992	-	2,992
Net assets released from restrictions	4,551	(4,551)	-
Total revenues, gains, and other support	<u>7,978,773</u>	<u>-</u>	<u>7,978,773</u>
Expenses			
Program Services			
Pennsylvania Pregnancy and Parenting Support Services Program			
DHS Grant, net of PA Program fundraising expense of \$267	6,740,369	-	6,740,369
Michigan Pregnancy and Parenting Support Services Program			
MDCH Grant - Michigan Program	344,034	-	344,034
Indiana Pregnancy and Parenting Support Services Program			
ISDH Grant - Indiana Program	688,042	-	688,042
National Division			
Services to Other State Programs	58,495	-	58,495
Prevention Programs	53,511	-	53,511
Supporting Services, Management & General	80,029	-	80,029
Fundraising	791	-	791
Total expenses	<u>7,965,271</u>	<u>-</u>	<u>7,965,271</u>
Change in net assets	13,502	-	13,502
Net assets, beginning of year	<u>456,691</u>	<u>-</u>	<u>456,691</u>
Net assets, end of year	<u>\$ 470,193</u>	<u>\$ -</u>	<u>\$ 470,193</u>

The accompanying notes are an integral  
part of these financial statements.

## REAL ALTERNATIVES

	Program Services					Indiana Pregnancy and Parenting Support Services Program					Supporting Services						
	Pennsylvania Pregnancy and Parenting Support Services Program					Michigan Pregnancy and Parenting Support Services Program					National Division						
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS		MDCH Administrative	MDCH Project Services	MDCH Total		ISDH Administrative	ISDH Project Services	ISDH Total	Services to Other State Programs	Prevention Health Education	Support Management and General	Fundraising	Total
Salaries, wages, and benefits																	
Salaries and wages	\$ 234,276	\$ 230,824	\$ -	\$ 465,100	\$ 29,104	\$ 32,607	\$ 61,711	\$ 57,653	\$ 36,529	\$ 94,182	\$ 27,047	\$ 25,715	\$ 42,388	\$ 888	\$ 717,081		
Unused sick leave paid	4,159	3,646	-	7,805	650	570	1,220	960	841	1,801	286	50	413	-	11,575		
Payroll taxes	17,448	18,395	-	35,843	1,515	2,347	3,862	2,942	2,380	5,322	1,228	1,994	2,037	53	50,389		
Health and group life insurance	57,624	33,097	-	90,721	7,119	4,074	11,193	10,115	5,762	15,877	4,252	2,409	5,887	213	130,582		
Workers' compensation	1,229	1,006	-	2,235	125	103	228	178	145	323	49	192	77	6	3,110		
Total salaries, wages, and benefits	314,736	286,968	-	601,704	38,513	39,701	78,214	71,848	45,657	117,505	32,862	30,360	50,802	1,160	912,607		
Professional development	3,376	-	-	3,376	912	-	912	1,303	-	1,303	-	46	558	-	6,195		
Consulting	19,690	13,358	-	33,048	1,235	2,853	4,088	2,398	4,875	7,273	-	101	582	-	45,082		
Postage/shipping	-	-	-	8,474	1,231	-	940	940	-	940	-	523	34	247	11,449		
Auditing	15,829	-	3	15,832	1,614	-	1,614	2,305	-	2,305	342	1,326	543	38	22,000		
Travel/dodging	231	4,927	-	5,158	4	1,288	1,292	4	911	915	682	365	1,061	-	9,453		
Office rent	48,095	-	10	48,105	4,974	-	4,974	7,164	-	7,164	1,050	4,190	1,667	137	67,387		
Telephones/fax	9,667	-	2	9,669	1,242	-	1,242	1,800	-	1,800	549	771	653	29	14,713		
Property/liability insurance	2,249	-	1	2,250	230	-	230	325	-	325	49	193	78	6	3,181		
Directors/officers liability insurance	5,482	-	1	5,483	560	-	560	792	-	792	120	583	471	14	7,680		
Office supplies	21,283	-	9	21,292	1,575	-	1,575	5,032	-	5,032	1,019	479	1,744	-	31,141		
Service contracts	2,495	-	1	2,496	248	-	248	359	-	359	52	197	82	5	3,459		
Information/training	-	99,312	-	99,312	-	70,362	70,362	-	87,456	87,456	361	600	2,714	-	257,730		
Advertising	-	557,562	-	557,562	-	167,819	167,819	-	404,310	404,310	-	9,854	7,553	-	1,142,620		
Meetings/seminars	-	9,084	-	9,084	-	-	-	-	-	-	-	-	-	-	16,417		
Client services-counseling	-	5,202,336	-	5,202,336	-	337,489	337,489	-	1,357,014	1,357,014	-	-	-	-	6,896,899		
Hotline referral system	-	4,373	1	4,374	-	372	372	-	608	608	72	287	114	10	5,837		
Pregnancy test kits	-	32,634	-	32,634	-	2,987	2,987	-	2,006	2,006	-	-	-	-	37,627		
403b contribution	9,345	6,912	-	16,257	760	-	1,558	1,701	739	2,440	-	-	6,753	-	27,008		
Fundraising	-	-	42	42	-	-	-	-	-	-	-	-	-	-	42		
Prior year service provider reimbursement returned to the program offices	-	(4,612)	-	(4,612)	-	-	-	-	(235)	(235)	-	-	-	-	(4,847)		
Salvage value of assets disposed of	7,676	-	-	7,676	-	-	-	-	-	-	-	-	-	-	7,676		
Total expenses before depreciation	468,628	6,212,854	70	6,681,552	53,098	623,669	676,767	96,971	1,903,341	1,999,312	37,138	49,763	75,108	1,646	9,521,286		
Depreciation expense	-	-	-	-	203	3,570	3,773	203	4,824	5,027	-	-	2,984	-	27,387		
Total functional expenses	\$ 484,181	\$ 6,212,854	\$ 70	\$ 6,697,105	\$ 53,301	\$ 627,239	\$ 680,540	\$ 96,174	\$ 1,908,165	\$ 2,004,339	\$ 37,138	\$ 49,763	\$ 78,092	\$ 1,646	\$ 9,548,623		

The accompanying notes are an integral part of these financial statements.

# REAL ALTERNATIVES

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program Services										Supporting Services		
	Pennsylvania Pregnancy and Parenting Support Service					Michigan Pregnancy and Parenting Support Service					Indiana Pregnancy and Parenting Support Service		
	DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS		DHS Administrative	DHS Project Services	DHS Fund-raising	Total DHS		ISDH Administrative	ISDH Project Services	Total ISDH
Salaries, wages, and benefits	\$ 255,124	\$ 209,977	\$ -	\$ 465,101	\$ 19,093	\$ 19,615	\$ 38,708	\$ 32,671	\$ 17,986	\$ 50,657	\$ 43,065	\$ 19,895	\$ 49,167
Salaries and wages	3,662	1,801	-	5,463	516	516	770	458	225	683	310	165	457
Unused sick leave paid	21,054	18,792	-	39,846	1,125	1,570	2,695	1,851	1,213	3,064	1,665	1,580	2,461
Payroll taxes	60,522	34,491	-	95,013	5,742	3,327	9,069	6,202	3,561	9,763	6,422	1,815	7,168
Health and group life insurance	1,410	1,128	2	2,540	95	76	171	94	75	169	97	123	104
Workers' compensation	66	132	-	198	-	-	-	-	-	-	-	-	-
Employee drug screen	341,838	266,321	2	608,161	26,571	24,842	51,413	41,276	23,060	64,336	51,559	23,578	59,357
Total salaries, wages, and benefits	4,235	-	-	4,235	210	-	210	315	-	315	118	359	77
Professional development	13,336	14,381	-	27,717	472	5,655	6,127	766	6,855	7,621	1,981	-	1,500
Consulting	3,404	-	136	3,540	451	-	451	575	-	575	85	120	276
Postage/shipping	16,641	-	11	16,652	1,119	-	1,119	1,108	-	1,108	634	806	677
Auditing	21	5,504	-	5,525	-	6	6	-	1,448	1,448	140	1,242	838
Travel/lodging	50,710	-	34	50,744	3,397	-	3,397	3,334	-	3,334	1,963	2,432	2,063
Office rent	10,084	-	6	10,090	748	-	748	855	-	855	770	518	608
Telephone/fax	2,454	-	2	2,456	165	-	165	165	-	165	94	119	100
Property/liability insurance	5,862	-	4	5,866	395	-	395	396	-	396	221	284	239
Directors/officers liability insurance	15,741	-	-	15,741	1,801	-	1,801	1,328	-	1,328	29	128	1,553
Office supplies	2,167	-	1	2,168	144	-	144	149	-	149	68	105	83
Service contracts	-	935	-	935	-	6,545	6,545	-	162	162	-	1,302	-
Information/training	-	114,482	-	114,482	-	34,888	34,888	-	54	54	702	22,355	(2,753)
Advertising	-	6,831	-	6,831	-	-	-	-	-	-	-	-	6,416
Meetings/seminars	-	100	-	100	-	-	-	-	-	-	-	-	-
Minor equipment	-	5,816,808	-	5,816,808	-	231,242	231,242	-	601,112	601,112	-	-	-
Client services-counseling	-	4,795	-	4,795	-	232	232	-	226	226	131	163	138
Toll-free referral system	-	34,749	-	34,749	-	665	665	-	-	-	-	-	-
Pregnancy test kits	-	5,555	-	5,555	507	397	904	901	417	1,318	-	-	5,863
403b contribution	9,814	-	71	9,885	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior year service provider reimbursements returned to DHS	-	(21,103)	-	(21,103)	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	476,307	6,249,358	267	6,725,932	33,980	304,472	340,452	51,168	633,334	684,502	58,495	53,511	77,055
Depreciation expense	14,704	-	-	14,704	12	3,570	3,582	12	3,528	3,540	-	-	2,974
Total functional expenses	\$ 491,011	\$ 6,249,358	\$ 267	\$ 6,740,636	\$ 35,992	\$ 308,042	\$ 344,034	\$ 51,180	\$ 636,862	\$ 688,042	\$ 58,495	\$ 53,511	\$ 80,029
													\$ 524
													\$ 79,040,471
													\$ 24,800
													\$ 7,965,271

The accompanying notes are an integral part of these financial statements.



**REAL ALTERNATIVES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 65,061	\$ 13,502
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,337	24,800
Loss on disposal of assets	7,676	-
(Increase) decrease in		
Accounts receivable	(49,619)	(302,656)
Accounts receivable - Service Provider advances	33,500	-
Prepaid expenses and other receivables	(4,057)	96
Inventories	8,012	49,076
Increase (decrease) in		
Accounts payable	(135,459)	451,404
Accrued expenses	(605)	6,426
Refundable advance - DHS grant	590,603	-
Net cash provided by operating activities	<u>542,449</u>	<u>242,648</u>
Cash flows from investing activities		
Purchase of equipment, furniture and fixtures	<u>(7,123)</u>	<u>(24,274)</u>
Net cash used in investing activities	<u>(7,123)</u>	<u>(24,274)</u>
Cash flows from financing activities		
Net change in line of credit	<u>6,930</u>	<u>(11,328)</u>
Net cash provided by (used in) financing activities	<u>6,930</u>	<u>(11,328)</u>
Increase in cash	542,256	207,046
Cash and cash equivalents - beginning	<u>1,701,182</u>	<u>1,494,136</u>
Cash and cash equivalents - ending	<u>\$ 2,243,438</u>	<u>\$ 1,701,182</u>

The accompanying notes are an integral  
part of these financial statements.

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 1. NATURE OF ACTIVITIES

Real Alternatives (the Organization) exists to provide life-affirming alternatives to abortion services throughout the nation. These compassionate support services empower women to protect their reproductive health, avoid crisis pregnancies, choose childbirth rather than abortion, receive adoption education, and improve parenting skills.

In the Pennsylvania Program, the Organization acts as the statewide administrator for the PA Alternative to Abortion Program (PATA) (also known as Pennsylvania Pregnancy and Parenting Support Service Program), funded by the Commonwealth of Pennsylvania Department of Human Services (DHS) to provide alternatives to abortion services to eligible clients to empower women to be able to choose childbirth over abortion. Under the contract, the Organization receives reimbursements on a quarterly basis for expenses incurred in carrying out the provisions of the contract. The Organization receives funding from the U.S. Department of Health and Human Services (HHS) through its Temporary Assistance for Needy Families (TANF) program. The money is passed through from HHS to DHS and then received by the Organization.

The Organization entered into a contract with the State of Michigan to administer an alternatives to abortion program funded in the amount of \$700,000 through the Michigan Department of Community Health in the central and southern part of the state, and it is known as the "Michigan Pregnancy and Parenting Support Services Program." The contract, effective October 1, 2013, was extended to December 31, 2016, by the state of Michigan and at the same time was increased by an additional \$850,000. The program is very similar to the Pennsylvania program; however, it is funded fully with state funds and no TANF money. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract. Start-up expenses were incurred by the Organization after the contract was signed on December 13, 2013. The first Service Provider Services Rendered Form was submitted in mid-June 2014.

The Organization also entered into a contract with the State of Indiana to administer an alternatives to abortion program funded at \$1,000,000 through the Indiana State Department of Health in the northern part of the state, and it is known as the "Indiana Pregnancy and Parenting Support Services Program." The contract was effective October 1, 2014, and it was renewed at the end of the first year in the amount of \$3,500,000 to continue through September 30, 2016. The program is very similar to the Pennsylvania and Michigan programs; however, it is funded fully with TANF money and no state funds. Under the contract, the Organization receives reimbursements on a monthly basis for expenses incurred in carrying out the provisions of the contract.

Under the National Division, pursuant to its agreements with the Texas Pregnancy Care Network (TPCN), the Organization realized revenue through the year ended June 30, 2015. For the year ended June 30, 2016, the Organization only realized revenue from TPCN related to Hotline services provided.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

Real Alternatives continues to consult with other states interested in starting government funded alternatives to abortion in their state.

In addition, Real Alternatives continued to publish and advertise the Concerned Parents Report website, [www.concernedparents.com](http://www.concernedparents.com). Concerned Parents Report is a national internet publication of the Organization dedicated to reporting information and imparting knowledge to parents so that they can empower their children to make the healthiest choice for their reproductive health – living a chaste lifestyle. During fiscal year 2015/2016, 10,847 individuals throughout the world viewed health information and studies on 50,086 web pages.

In fiscal year 2015/2016, Real Alternatives continued to publish updated health information on its LoveFacts website. The organization promotes chastity, through the LoveFacts website, as the best way to prevent sexually transmitted diseases and unexpected pregnancies. The organization educates high school and college students about the importance of living a chaste lifestyle at many national conferences.

Real Alternatives partnered with another program of Students for Life America, Medical Students for Life, to educate medical students about the benefits of chastity in avoiding sexually transmitted diseases and unexpected pregnancies. Over 241 medical students in 6 universities across the United States received this information on the LoveFacts website. The Organization again sponsored the Love and Fidelity Network Annual Conference, “Sexuality, Integrity and the University” at Princeton University. This event was attended by nearly 300 students representing 50 colleges from around the country who received information on the LoveFacts website. The Organization again sponsored the Cardinal O’Connor Conference on Life at Georgetown University. It is the largest student run pro-life conference in the country with over 500 students attending this event.

For the LoveFacts.org website overall, in 2015/2016, 7,999 individuals viewed the health information and studies on 29,302 web pages.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting.

### *Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of Real Alternatives and changes therein are classified and reported as follows:

*Unrestricted net assets* are not restricted by donors, or the donor-imposed restrictions have expired.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

*Temporarily restricted net assets* contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

*Permanently restricted net assets* consist of property contributed which contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the Organization to use, or expend part or all of the income derived from, the donated assets for specified purposes.

#### *Revenue and Support Recognition*

The Organization recognizes contract revenues in the statements of activities to the extent that expenses have been incurred for the purpose specified by the granting agency during the period. In applying this concept, the legal and contractual requirements of the grant are used as guidance.

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support. This requirement is dependent on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### *Cash Equivalents*

Real Alternatives considers all unrestricted, highly liquid deposits to be cash equivalents.

#### *Accounts Receivable*

No allowances for uncollectible accounts receivable are deemed necessary as of June 30, 2016 and 2015.

#### *Inventories*

Inventories are stated at the lower of cost or market.

#### *Equipment, Furniture, and Fixtures*

Purchases of equipment, furniture, and fixtures having a unit cost of \$600 or more are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

Upon cancellation or termination of the PA Alternatives to Abortion contracts, disposition of personal property with a remaining useful life that was purchased with DHS funds is subject to certain contract provisions. Specifically, those provisions permit the Organization, with approval from DHS, to transfer such property to another contractor designated by DHS or to reimburse DHS for the remaining life of the property, as determined by DHS, if the Organization wishes to retain or sell such property. Net property purchased and capitalized with DHS funds amounted to \$32,221 and \$52,705 as of June 30, 2016 and 2015.

The state of Michigan reserves the right to retain or transfer title to all items of equipment having a unit acquisition cost of \$5,000 or more to the extent that Michigan's proportionate interest in such equipment supports such retention or transfer of title. Net property purchased and capitalized with Michigan funds amounted to \$3,885 and \$7,296 as of June 30, 2016 and 2015.

Equipment purchased to support the contract with Indiana was done in accordance with TANF regulations per OMB Circular A-110. Net property purchased and capitalized with Indiana funds amounted to \$8,341 and \$13,008 as of June 30, 2016 and 2015.

#### *Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. The costs related to the contracts have been summarized according to budget categories established by the state agencies.

#### *Income Taxes*

The Organization's operations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes* (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a "more likely than not" (i.e., more than 50 percent) chance to being sustained on the technical merits. For the years ended June 30, 2016 and 2015, the Organization has taken no material tax positions on their applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. The Organization believes it is no longer subject to income tax examinations for the fiscal years prior to the year ended June 30, 2013.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Advertising Costs*

The Organization follows the policy of charging the costs of communicating advertising to expense at the time the advertising takes place. Production advertising costs, when applicable, are charged to expense the first time the advertising takes place. Advertising expense for the PA program was \$557,562 and \$114,482 for the years ended June 30, 2016 and 2015. Expense for the Michigan program was \$167,819 and \$34,888 for the years ended June 30, 2016 and 2015. Expense for the Indiana program was \$404,310 and \$54 for the year ended June 30, 2016 and 2015.

#### *Service Provider Adjustments*

In the normal course of operations, adjustments may be made to current or prior year amounts paid to service providers. These adjustments, which may be material, are the results of the application of monitoring procedures, audit procedures, government agency audits, or the results of the final close out procedures for any given contract year. For prior year periods, these adjustments may result in amounts to be returned to the program office of the state agencies. The effects of current year service provider adjustments, prior period service provider adjustments, and any amounts returned to DHS, Michigan Department of Community Health, or Indiana Department of Health are reflected in the statements of activities when determined.

#### *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Recently Issued Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and many additional disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2017.

#### *Subsequent Events*

Management evaluated subsequent events through November 3, 2016, the date the financial statements were available to be issued.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### 3. EQUIPMENT, FURNITURE, AND FIXTURES

Equipment, furniture, and fixtures consist of the following at June 30, 2016 and 2015:

	2016	2015
Equipment	\$ 138,619	\$ 209,029
Furniture and fixtures	30,055	29,333
Software	58,687	58,687
	<u>227,361</u>	<u>297,049</u>
Less accumulated depreciation and amortization	<u>(175,502)</u>	<u>(217,300)</u>
Net book value	<u>\$ 51,859</u>	<u>\$ 79,749</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015, totaled \$27,337 and \$24,800.

#### 4. LEASE

The Organization currently leases office space under a lease that expired June 30, 2016. Future lease renewals are dependent on funding from the Commonwealth of Pennsylvania. Future minimum payments required under the lease should be \$61,476 for the year ended June 30, 2017. Total rent expense was \$66,432 and \$61,808 for the years ended June 30, 2016 and 2015.

#### 5. CONTRACTED SERVICES REVENUE

Revenue from TPCN totaled \$345 and \$10,048 for the years ended June 30, 2016 and 2015.

#### 6. CONCENTRATION OF RISK

##### *Cash*

The Organization maintains its cash in bank accounts held by high credit quality institutions. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balance of the cash was not insured or collateralized in the Organization's name, but was collateralized in accordance with Commonwealth of Pennsylvania Act 72 which requires the credit institution to pool collateral for all deposits and have the collateral held by an approved custodian in the institution's name.

(continued)

## REAL ALTERNATIVES

### NOTES TO FINANCIAL STATEMENTS

#### *Contract Revenue*

The Organization receives a substantial amount of its support from DHS. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's program and activities. Grant support from the DHS amounted to \$7,263,000 and \$6,694,000 for the years ended June 30, 2016 and 2015. During those years, \$1,000,000 each year was from the Health and Human Services TANF block grant to the Commonwealth of Pennsylvania.

For the year ended June 30, 2016, the money received was for the fourth year of a five year grant agreement with The Department of Human Services totaling \$30,216,440. The term of the grant is for July 1, 2012, through June 30, 2017, with two additional optional one-year renewal periods.

Additional grant support from the Michigan Department of Community Health amounted to \$850,000 for the period ending December 31, 2016, of state funds, along with the \$700,000 for the period ending September 30, 2015.

Grant support from Indiana Department of Health amounted to \$3,500,000 of TANF funds for the year ending September 30, 2016.

#### 7. **AUDIT**

The grants received by the Organization are subject to audit and verification by grantor agencies, principally DHS, MDCH and IDH. Any disallowed costs, including costs for which the Organization has already received payment, may result in a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time. However, as of the date of this report, management is unaware of any material adjustments that would be required as a result of such an audit.

The Organization was audited by the Pennsylvania Department of Human Services, Bureau of Financial Operations (BFO). The audit covered the period from July 1, 2012, to June 30, 2015. As of November 3, 2016, the BFO final audit report has been submitted to the office of Special Programs, but has not been finalized by the Department of Human Services.

#### 8. **LINE OF CREDIT**

Real Alternatives has engaged FNB (formerly Metro Bank) as the organization's main depository. A line of credit with FNB (formerly Metro Bank) was obtained on April 10, 2014, using the funds received under the Commonwealth of Pennsylvania Department of Human Services Grant #4100060934 as security for the line of credit. As of June 30, 2016, there was a balance of \$29,080 on the \$500,000 line of credit. Interest on the line of credit with FNB (formerly Metro Bank) is 4%, per annum. The line of credit is reviewed annually for renewals and extensions.

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## **REAL ALTERNATIVES**

### **NOTES TO FINANCIAL STATEMENTS**

#### **9. EMPLOYEE BENEFITS**

Real Alternatives sponsors a 403(b) retirement savings plan to which all eligible employees of the Organization may contribute up to the maximum allowed by law. The Organization matches these contributions dollar for dollar up to 4% of the employee's salary contributed to the plan. The Organization's contribution was \$27,008 and \$23,454 for the years ended June 30, 2016 and 2015.

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## **SUPPLEMENTARY INFORMATION**

# REAL ALTERNATIVES

PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934

## INVOICED REVENUE AND EXPENDITURES

YEAR ENDED JUNE 30, 2016

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
Administrative									
Personnel									
President & CEO	\$ 85,604	\$ 85,604	\$ -	\$ 13,655	13,655	\$ -	\$ 99,259	\$ 99,259	\$ -
Vice President of Administration	72,970	72,970	-	11,672	11,672	-	84,642	84,642	-
Accountant	29,863	29,863	-	4,770	4,770	-	34,633	34,633	-
Bookkeeper	13,574	13,574	-	2,168	2,168	-	15,742	15,742	-
Unused sick	3,587	3,587	-	572	572	-	4,159	4,159	-
Payroll taxes	15,045	15,045	-	2,402	2,402	-	17,447	17,447	-
Workers' compensation insurance	1,060	1,060	-	169	169	-	1,229	1,229	-
Employee group insurance	49,689	49,689	-	7,935	7,935	-	57,624	57,624	-
Pension contribution	8,058	8,058	-	1,287	1,287	-	9,345	9,345	-
Professional development and training	2,911	2,911	-	465	465	-	3,376	3,376	-
Total personnel	282,361	282,361	-	45,095	45,095	-	327,456	327,456	-
Operating expenses									
Consulting	16,979	16,979	-	2,711	2,711	-	19,690	19,690	-
Postage/shipping	7,307	7,307	-	1,167	1,167	-	8,474	8,474	-
Auditing	13,649	13,649	-	2,180	2,180	-	15,829	15,829	-
Travel/lodging	199	199	-	32	32	-	231	231	-
Rent	41,472	41,472	-	6,624	6,624	-	48,096	48,096	-
Telephone service	8,335	8,335	-	1,331	1,331	-	9,666	9,666	-
General business liability insurance	1,940	1,940	-	310	310	-	2,250	2,250	-
Directors/owners liability insurance	4,727	4,727	-	755	755	-	5,482	5,482	-
Office expense	17,877	17,877	-	2,031	2,031	-	19,908	19,908	-
Computer upgrades	2,366	2,366	-	378	378	-	2,744	2,744	-
Resources Development	70	70	-	-	-	-	70	70	-
Total operating expenses	114,921	114,921	-	17,519	17,519	-	132,440	132,440	-
Equipment									
Equipment service contracts	2,152	2,152	-	344	344	-	2,496	2,496	-
Total administrative expenditures	399,434	399,434	-	62,958	62,958	-	462,392	462,392	-

(continued)

# REAL ALTERNATIVES

## PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM DHS CONTRACT NO. 4100060934

### INVOICED REVENUE AND EXPENDITURES (Cont'd)

YEAR ENDED JUNE 30, 2016

	State Actual	State Budget	State Over (Under)	TANF Actual	TANF Budget	TANF Over (Under)	Total Actual	Total Budget	Total Over (Under)
<b>Services</b>									
<b>Personnel</b>									
Vice President of Operations	111,564	111,564	-	17,829	17,829	-	129,393	129,393	-
Contract Compliance Services	10,162	10,162	-	1,611	1,611	-	11,773	11,773	-
Services Coordinator	36,665	36,665	-	5,859	5,859	-	42,524	42,524	-
Billing Coordinator	5,752	5,752	-	919	919	-	6,671	6,671	-
Outreach Coordinator	11,321	11,321	-	1,798	1,798	-	13,119	13,119	-
Special Projects Coordinator	2,272	2,272	-	362	362	-	2,634	2,634	-
Services Assistant	9,394	9,394	-	1,501	1,501	-	10,895	10,895	-
LifeAid Hotline Counselors	11,819	11,819	-	1,888	1,888	-	13,707	13,707	-
Overtime	94	94	-	15	15	-	109	109	-
Unused sick	3,144	3,144	-	502	502	-	3,646	3,646	-
Payroll taxes	15,862	15,862	-	2,532	2,532	-	18,394	18,394	-
Workers' compensation insurance	867	867	-	139	139	-	1,006	1,006	-
Employee group insurance	28,539	28,539	-	4,557	4,557	-	33,096	33,096	-
Pension contribution	5,961	5,961	-	952	952	-	6,913	6,913	-
<b>Total personnel</b>	<b>253,416</b>	<b>253,416</b>	<b>-</b>	<b>40,464</b>	<b>40,464</b>	<b>-</b>	<b>293,880</b>	<b>293,880</b>	<b>-</b>
<b>Operating</b>									
Information and training materials	85,636	85,636	-	13,675	13,675	-	99,311	99,311	-
Services advertising	474,352	474,352	-	75,749	75,749	-	550,101	550,101	-
Travel	4,249	4,249	-	678	678	-	4,927	4,927	-
Services database consulting and development	11,519	11,519	-	1,840	1,840	-	13,359	13,359	-
Meetings/seminars	7,833	7,833	-	1,251	1,251	-	9,084	9,084	-
Counseling reimbursement	4,404,211	4,994,810	(590,599)	798,125	798,129	(4)	5,202,336	5,792,939	(590,603)
Hotline referral system	3,771	3,771	-	602	602	-	4,373	4,373	-
<b>Total operating</b>	<b>4,991,571</b>	<b>5,582,170</b>	<b>(590,599)</b>	<b>891,920</b>	<b>891,924</b>	<b>(4)</b>	<b>5,883,491</b>	<b>6,474,094</b>	<b>(590,603)</b>
<b>Equipment</b>									
Pregnancy test kits	27,980	27,980	-	4,654	4,654	-	32,634	32,634	-
<b>Total services expenditures</b>	<b>5,272,967</b>	<b>5,863,566</b>	<b>(590,599)</b>	<b>937,038</b>	<b>937,042</b>	<b>(4)</b>	<b>6,210,005</b>	<b>6,800,608</b>	<b>(590,603)</b>
<b>Total administrative and services expenditures</b>	<b>\$ 5,672,401</b>	<b>\$ 6,263,000</b>	<b>\$ (590,599)</b>	<b>\$ 999,996</b>	<b>\$ 1,000,000</b>	<b>\$ (4) *</b>	<b>\$ 6,672,397</b>	<b>\$ 7,263,000</b>	<b>\$ (590,603) *</b>

\* See unused contract revenue returned to DHS (#5) of the reconciliation of cash received by Pennsylvania Pregnancy & Parenting Support Services Program to Statement of Functional Expense (page 20).

## REAL ALTERNATIVES

### RECONCILIATION OF CASH RECEIVED BY PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM TO STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

Cash received from PA Dept. of Human Services (DHS) by the Pennsylvania Pregnancy & Parenting Support Services Program Contract No. 4100060934	\$ 7,263,000
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Adjustments due to financial records being kept according to accounting  
principles generally accepted in the United States of America  
(GAAP) per contract with DHS, Contract No. 4100060934

- |   |                  |
|---|------------------|
| 1. Expenses classified as assets and liabilities not accounted for<br>as functional expenses under GAAP | 6,091            |
| 2. Depreciation expense   | 15,553           |
| 3. Salvage value of assets disposed of  | 7,676            |
| 4. Service provider funds from prior years returned to DHS  | (4,612)          |
| 5. Unused contract revenue returned to DHS  | <u>(590,603)</u> |

Total functional expenses for Program Services - Pennsylvania Pregnancy & Parenting Support Services Program, in accordance with GAAP	\$ <u>6,697,105</u>
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**REAL ALTERNATIVES**

PENNSYLVANIA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
DHS CONTRACT NO. 4100060934

**STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED**

**YEAR ENDED JUNE 30, 2016**

	<u>Additional Cash Earned Available for Program Use</u>	<u>Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 2,967	\$ -	\$ 2,967
Other funds - contributions	929	-	929
	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 3,896</u>

# REAL ALTERNATIVES

## MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

### INVOICED REVENUE AND EXPENDITURES

	October 1, 2013 to June 30, 2016			July 1, 2015 to June 30, 2016		JULY 1, 2014 to JUNE 30, 2015		OCTOBER 1, 2013 to JUNE 30, 2014	
	State Actual	State Budget	Over (Under)	State Actual	State	State Actual	State	State Actual	State
Administrative Personnel									
President & CEO	\$ 49,833	\$ 56,413	\$ (6,580)	\$ 20,328	\$ 12,175	\$ 17,330			
VP - Administration	14,094	18,289	(4,195)	7,137	5,366	1,592			
Assistant Director of Finance	1,777	1,777	-	-	37	1,740			
Accountant	3,803	5,372	(1,569)	1,314	1,123	1,366			
Bookkeeper	1,987	3,831	(1,844)	974	908	1,04			
Professional Development	940	1,412	(472)	730	210	-			
Accrued Vacation & Sick	-	-	-	-	-	-			
Payroll Taxes	4,047	5,583	(1,536)	1,514	1,125	1,408			
Workers Compensation Insurance	299	433	(134)	125	95	79			
Pension	1,834	2,883	(1,049)	760	506	567			
Employee Group Insurance	16,559	21,000	(4,441)	7,120	5,742	3,698			
Job Advertising	-	1,000	(1,000)	-	-	-			
New Employee Screening	-	500	(500)	-	-	-			
Total Personnel	95,173	118,493	(23,320)	40,002	27,287	27,884			
Operating Expenses									
Consulting	3,276	5,205	(1,929)	1,071	472	1,733			
Legal	164	1,000	(836)	164	-	-			
Postage/Shipping	1,802	3,105	(1,303)	1,231	451	119			
Auditing	3,580	5,199	(1,619)	1,614	1,119	848			
Travel/Lodging	313	813	(500)	4	-	309			
Rent	10,840	18,071	(7,231)	4,974	3,397	2,470			
Telephone Service	2,496	2,746	(250)	1,243	748	504			
General Business Liability Insurance	504	884	(380)	230	165	109			
Insurance-Directors & Officers	1,238	1,944	(706)	559	395	284			
Office Expense	4,928	13,105	(8,177)	1,666	2,267	995			
Computer Resources	11,899	13,399	(1,500)	-	-	11,899			
Total Operating	41,040	65,471	(24,431)	12,756	9,014	19,270			
Equipment									
Equipment Service Contracts	488	834	(346)	248	144	95			
Total administrative expenditures	136,701	184,798	(48,097)	53,006	36,445	47,249			
Michigan YTD Jun-2016 Administrative Expenses per June 2016 FSR submitted on 7/27/2016	136,701	184,798	(48,097)						

(continued)

# REAL ALTERNATIVES

## MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

### INVOICED REVENUE AND EXPENDITURES (Cont'd)

	October 1, 2013 to June 30, 2016		July 1, 2015 to June 30, 2016		JULY 1, 2014 to JUNE 30, 2015		OCTOBER 1, 2013 to JUNE 30, 2014	
	State Actual	State Budget	State Over (Under)	State Actual	State Actual	State Actual	State Actual	State Actual
Services								
Personnel								
Vice President	40,969	47,041	(6,072)	15,947	11,749	13,273		
Services Coordinator	6,925	6,937	(12)	4,176	2,750	-		
Services Assistance	2,820	1,363	1,457	2,572	247	-		
Service Provider Approval	5,852	10,749	(4,897)	2,312	1,028	2,512		
Billing Coordinator	5,209	7,697	(2,488)	2,497	2,607	104		
Service Provider Monitoring	6,433	9,431	(2,998)	5,224	1,210	-		
Toll Free Counselor	910	1,552	(642)	449	278	183		
Accrued Vacation & Sick	-	-	-	-	-	-		
Payroll Taxes	5,110	6,502	(1,392)	2,347	1,570	1,192		
Workers Compensation Insurance	241	338	(97)	103	76	64		
Pension	1,562	2,469	(907)	798	397	365		
Employee Group Insurance	10,272	13,224	(2,952)	4,075	3,327	2,871		
Total Personnel	86,303	107,303	(21,000)	40,500	25,239	20,564		
Operating								
Client Education Materials	76,907	106,642	(29,735)	70,362	6,545	-		
Services Advertising	202,707	234,068	(31,361)	167,819	34,888	-		
Meetings/Seminars	-	5,000	(5,000)	-	-	-		
Travel	3,082	8,082	(5,000)	1,288	6	1,788		
Trs Database Consulting & Dev	15,393	24,203	(8,810)	2,853	5,655	6,885		
Client Services	571,816	874,140	(302,324)	337,489	231,242	3,084		
Toll Free Referral System	772	1,053	(281)	372	232	168		
Contract Closeout Cost	-	-	-	-	-	-		
Total Operating	870,677	1,253,188	(382,511)	580,183	278,568	11,925		
Equipment								
Pregnancy Test Kits	3,662	4,711	(1,049)	2,987	665	11		
Total services expenses	960,642	1,365,202	(404,560)	623,670	304,472	32,500		
Total administrative and services expenditures	\$ 1,097,343	\$ 1,550,000	\$ (452,657)	\$ 676,676	\$ 340,917	\$ 79,749		
Michigan YTD Jun-2016 Services Expenses per June 2016 FSR submitted on 7/27/2016	960,642	1,365,202	(404,560)					
Michigan YTD Jun-2016 Administrative and Services Expenses per June 2016 FSR submitted on 7/27/2016	1,097,343	1,550,000	(452,657)					



## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

#### INVOICED REVENUE AND EXPENDITURES: START-UP ADMINISTRATIVE & SERVICES EXPENSES

OCTOBER 1, 2013 TO DECEMBER 31, 2016, ADVERTISING EXPENSE THROUGH APRIL 30, 2016

Administrative		Services	
Personnel	\$ 71,294	Personnel	\$ 67,152
Operating	33,171.03	Operating	526,338.19
Equipment	<u>333.04</u>	Equipment	<u>1,711.30</u>
Total administrative expenditures	<u>\$ 104,798</u>	Total services expenses	<u>\$ 595,202</u>
Administrative Cost Ratio	<u>14.97%</u>	Total administrative and services expenditures	<u>\$ 700,000</u>

Expenditures reported through June 30, 2016.

## REAL ALTERNATIVES

### MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM MDCH CONTRACT NO. 20142043

#### RECONCILIATION OF CASH RECEIVED BY MICHIGAN PREGNANCY AND PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES

PERIOD JULY 1, 2015 TO JUNE 30, 2016

Cash received from MDCH by the Michigan Pregnancy & Parenting Support Services Grant Agreement 20142043	\$ 517,756
Adjustments due to financial records being kept according to generally accepted accounting principles accepted in the United States of America (GAAP) per contract with MDCH, Contract No. 20142043	
1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(361)
2. Depreciation expense	3,773
3. Expenses incurred but not reimbursed	<u>159,372</u>
Total functional expenses for Program Services - Michigan Pregnancy & Parenting Support Services Program, in accordance with GAAP	<u>\$ 680,540</u>

## REAL ALTERNATIVES

MICHIGAN PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
MDCH CONTRACT NO. 20142043

### STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2015 TO JUNE 30, 2016

	Additional Cash Earned Available for Program Use	Total Expended for Counseling Reimbursement	Unused Balance
Interest earned	\$ 171	\$ -	\$ 171
Other funds	-	-	-
	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 171</u>

INDIANA PREGNANCY AND PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000014694

OCTOBER 1, 2015 TO JUNE 30, 2016

ISDH Administrative Expenses - July 1, 2015  
to September 30, 2015  
October 1, 2015 to June 30, 2016  
Total Administrative Expenses July 1, 2015 to  
Administrative Expenses as reported  
to ISDH for June 2016 on 7/26/2016

INDIANA PREGNANCY AND PARENTING SERVICES SUPPORT PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 00000000000000000014694

## OCTOBER 1, 2015 TO JUNE 30, 2016

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RECONCILIATION OF CASH RECEIVED BY INDIANA PREGNANCY & PARENTING SUPPORT SERVICES TO STATEMENT OF FUNCTIONAL EXPENSES

Cash received from ISDH by the Indiana Pregnancy & Parenting Support Services Grant Agreement A70-5-041137 & 00	\$     1,634,955
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1. Expenses classified as assets and liabilities not accounted for as functional expenses under GAAP	(361)
2. Depreciation expense	5,027
3. Expenses incurred but not reimbursed	364,953
4. Prior year contract revenue returned to ISDH	(235)
	<u>369,383</u>

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## REAL ALTERNATIVES

INDIANA PREGNANCY & PARENTING SUPPORT SERVICES PROGRAM  
ISDH CONTRACT NO. A70-5-041137 & 0000000000000000000014694

### STATEMENT OF PROGRAM GENERATED INCOME AND INTEREST EARNED

PERIOD JULY 1, 2015 to JUNE 30, 2016

	<u>Additional Cash Earned Available for Program Use</u>	<u>2016 Total Expended for Counseling Reimbursement</u>	<u>Unused Balance</u>
Interest earned	\$ 82	\$ -	\$ 82
Other funds	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 82</u>





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Real Alternatives (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Real Alternatives' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Real Alternatives' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Real Alternatives' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016



MEMBERS

AMERICAN AND PENNSYLVANIA  
INSTITUTES OF CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors  
Real Alternatives  
Harrisburg, Pennsylvania

### Report on Compliance for Each Major Federal Program

We have audited Real Alternatives' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Real Alternatives' major federal programs for the year ended June 30, 2016. Real Alternatives' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Real Alternatives' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Real Alternatives' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Real Alternatives' compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Real Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Real Alternatives is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Real Alternatives' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Real Alternatives' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
November 3, 2016

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**REAL ALTERNATIVES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2016**

**Prior Year Findings**

None.

## **REAL ALTERNATIVES**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2016**

#### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Real Alternatives were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Real Alternatives, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs and reported in the Independent auditor's Report on compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Real Alternatives expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a).
7. The program tested as a major program was:  

Temporary Assistance for Needy Families (CFDA #93.558)
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Real Alternatives, the auditee, was determined to be a low-risk auditee.

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

#### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, November 14, 2016 10:30 AM  
**To:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS)  
**Subject:** FW: Draft Response to Real Alternatives Questions

**Importance:** High

Paulette, Is this response okay to send to Kevin?

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, November 03, 2016 2:11 PM  
**To:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** Draft Response to Real Alternatives Questions

Paulette and Deanna,  
Wanted to send you a draft response to Kevin regarding his budget questions. Please see below and let me know what you think

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

Good afternoon Kevin,  
Please see my response to each of your questions below in red. Please let me know if you need any further clarification.  
Thanks

**From:** Kevin Bagatta [<mailto:ra-president@comcast.net>]  
**Sent:** Wednesday, November 02, 2016 5:30 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Tom Lang <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** Re: Contract amendment 2017

Hi Quess:

We need a little guidance from you so we can provide the budget as you like.

- 1) We project about \$167,000 unspent funds remaining from the \$850,000 funds by December 31, 2016. I assume those funds will roll-over with the new \$400,000 – right? Yes, this is correct, we will roll over remaining funds as we have done in the past for this year.

- ~~2) The term of the new amendment will be through December 31, 2017 – right? Yes, we were thinking that the amendment should be through December 2017. (that was Jeanette Hensler's recommendation to me, to put December 31 as the end date for this amendment.)~~
- 3) In our proposed budget, you want to see the total as \$1,950,000? Yes, since we are rolling the 2017 allocation into the original contract and extending it through the year.
- 4) For our cost allocation process, we need to spend the remaining Michigan state funds first before we use the Federal funds – Ok? This is a question, we asked the budget folks, because we weren't sure.
- 5) We would love for you to accompany us on our site monitorings to see our review procedures and meet these remarkable counselors. Thanks, I look forward to accompany you on site visits. We are also developing a tool for our monitoring purposes from a state contract and TANF compliance perspective. We have just begun to develop the tool and will share it with you for comment prior to our visit.

Thanks,

Kevin

---

**From:** "Derman, Barbara (DHHS)" <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Date:** Monday, October 31, 2016 at 4:26 PM  
**To:** Kevin Bagatta <[ra-president@comcast.net](mailto:ra-president@comcast.net)>, "Thomas A. Lang" <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** "Dunbar, Paulette Dobynes (DCH)" <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** Contract amendment 2017

Good afternoon Kevin,

We would like to amend your contract to include the 2017 allocation of TANF funding to the program. As this year's funding is federal dollars, the new amendment will need to reflect federal funding and CDFA compliance.. Please complete a new budget for the year adding your 400,000 allocation and our budget office will prepare the contract and get it to you as soon as possible.

Also this year as you are now up and fully serving clients, we would like to plan up to three site visits to sub-recipients. I looking forward to meeting some of your service workers.

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)



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**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, November 16, 2016 4:53 PM  
**To:** Kevin I. Bagatta, Esquire (ra-president@comcast.net)  
**Cc:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS)  
**Subject:** FW: Draft Response to Real Alternatives Questions

**Importance:** High

Good afternoon Kevin,  
Please see our response to each of your questions below in blue. Please let me know if you need any further clarification. Thanks

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Kevin Bagatta [<mailto:ra-president@comcast.net>]  
**Sent:** Wednesday, November 02, 2016 5:30 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Tom Lang <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** Re: Contract amendment 2017

Hi Quess:

We need a little guidance from you so we can provide the budget as you like.

- 1) We project about \$167,000 unspent funds remaining from the \$850,000 funds by December 31, 2016. I assume those funds will roll-over with the new \$400,000 – right? Real Alternatives will retain the unspent funds in the extended contract, in which the new allocation of \$400K will be added.
- 2) The term of the new amendment will be through December 31, 2017 – right? Yes, we were thinking that the amendment should be through December 2017.
- 3) In our proposed budget, you want to see the total as \$1,950,000? Yes, since we are rolling the 2017 allocation into the original contract and extending the ending date a year (12-31-2017).
- 4) For our cost allocation process, we need to spend the remaining Michigan state funds first before we use the Federal funds – Ok? Yes, we understand that the Michigan funds must be expended before the federal funds to avoid a supplanting issue.
- 5) We would love for you to accompany us on our site monitorings to see our review procedures and meet these remarkable counselors. Thanks, I look forward to accompany you on site visits. We are also developing a tool for our monitoring purposes from a state contract and TANF compliance perspective. We have just begun to develop the tool and will share it with you for comments prior to our visit.

Thanks,

Kevin

---

**From:** "Derman, Barbara (DHHS)" <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Date:** Monday, October 31, 2016 at 4:26 PM  
**To:** Kevin Bagatta <[ra-president@comcast.net](mailto:ra-president@comcast.net)>, "Thomas A. Lang" <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Cc:** "Dunbar, Paulette Dobynes (DCH)" <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** Contract amendment 2017

Good afternoon Kevin,

We would like to amend your contract to include the 2017 allocation of TANF funding to the program. As this year's funding is federal dollars, the new amendment will need to reflect federal funding and CDFA compliance.. Please complete a new budget for the year adding your 400,000 allocation and our budget office will prepare the contract and get it to you as soon as possible.

Also this year as you are now up and fully serving clients, we would like to plan up to three site visits to sub-recipients. I looking forward to meeting some of your service workers.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, June 15, 2016 4:26 PM  
**To:** Lucie Taylor  
**Subject:** FW: Real Alternatives Budget Amendment  
**Attachments:** RA -MHHS Contract 20142043 Amend 6.pdf

So thanks for getting the DCH-0016 off. Now Laura has their signature and moving the amendment.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
PO Box 30195, 109 W. Michigan Ave., Lansing, Michigan 48909  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Geist, Laura (DHHS)  
**Sent:** Wednesday, June 15, 2016 4:11 PM  
**To:** Kevin I. Bagatta, Esquire <[ra-president@comcast.net](mailto:ra-president@comcast.net)>  
**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Thomas A. Lang, Esq. <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>; Clifford W. McKeown, Esq. <[ra-finance@comcast.net](mailto:ra-finance@comcast.net)>  
**Subject:** RE: Real Alternatives Budget Amendment

Thank you very much. I will move this on for signature.

Have a nice afternoon.

Laura A. Geist  
(517) 241-3932  
[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)

**From:** Kevin I. Bagatta, Esquire [<mailto:ra-president@comcast.net>]  
**Sent:** Wednesday, June 15, 2016 2:56 PM  
**To:** Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Thomas A. Lang, Esq. <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>; Clifford W. McKeown, Esq. <[ra-finance@comcast.net](mailto:ra-finance@comcast.net)>  
**Subject:** Re: Real Alternatives Budget Amendment

Hi Laura,

Here is the signed amendment.

Thank you,

Kevin  
Kevin I. Bagatta, Esquire  
President & CEO  
Real Alternatives  
7810 Allentown Blvd., Ste. 304  
Harrisburg, PA 17112  
717-541-7832

Contract Manager and  
Location/Building: Barbara Derman  
Contract #: 20142043

Amendment No. 6 to the  
Agreement Between  
Michigan Department of Health and Human Services  
and  
Real Alternatives  
for  
Michigan Pregnancy and Parenting Support Services Program

1. Period of Agreement

This agreement shall commence on October 1, 2013 and continue through December 31, 2016. This agreement is in full force and effect for the period specified.

2. Program Budget and Agreement Amount

The total agreement amount is increased from \$ 1,500,000 to \$ 1,550,000, and the Department's agreement amount is increased/decreased from \$ 1,500,000 to \$ 1,550,000, as shown on the Attachment B budget pages.

3. Amendment Purpose

The purpose of the amendment is to to extend the original agreement end date from September 30, 2016 to December 31, 2016 and to add funding in the original agreement for \$50,000.

4. Original Agreement Conditions

It is understood and agreed that all other conditions of the original agreement remain the same.

5. Special Certification

The individual or officer signing this amendment certifies by his or her signature that he or she is authorized to sign this amendment on behalf of the responsible governing board, official or contractor.

6. Signature Section

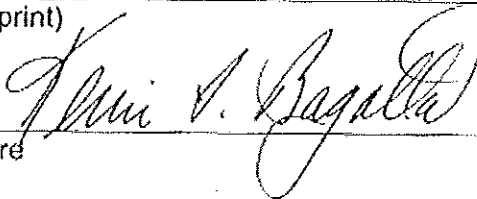
For the Michigan Department of Health and Human Services

Kim Stephen, Director, Bureau of Purchasing

Date

For the CONTRACTOR:

KEVIN I. BAGATTA PRESIDENT & CEO  
Name (print) Title (print)

  
Signature

6/15/2016  
Date

## Statement of Work

## Michigan Pregnancy and Parenting Support Services

Program October 2013 – December 2016

1. Describe the core program elements and the manner in which services will be delivered.
  - a. Describe the individuals who will be eligible to receive services in the program, including any income or residency requirements, and any limitations due to race, gender, ethnicity, age or religion.
  - b. Describe the geographic areas within the State where program services will be provided.
  - c. Describe the core services that will be provided to eligible clients that promote childbirth instead of abortion, and that assist pregnant women with their decision regarding parenting or adoption.
  - d. In addition to the core services, describe the additional support services that will be available to eligible clients in the program.
  - e. Describe the advertising, outreach and marketing efforts that may occur to advise potential eligible clients of the availability of program services.
  - f. Describe how potential clients will access program services.
2. Describe the network of program service providers and counselors, and how they become eligible to provide approved program services.
3. Describe the plan for data collection of required program reporting; and the plan for program quality assurance monitoring, including site reviews and financial accountability.

*Program Objectives*

1. Assist pregnant women in Michigan to maintain pregnancy and achieve positive healthy pregnancy outcomes through provision of pregnancy support services and referrals to care.
  - a. Provide compassionate, caring and free services through approved life-affirming pregnancy support centers, social service agencies, maternity homes and adoption agencies
  - b. An evaluation of the client's needs is made by the counselor during the counseling sessions.
  - c. Provide pregnancy and parenting support services support utilizing trained crisis intervention counselors (degreed, non-degreed and volunteers)
  - d. Provide referrals to other available community services to support pregnant woman who are experiencing unplanned/crisis pregnancies, including referrals for prenatal and pediatric care, medical care, social services, and other supports as required and available.
  - e. Ensure client feedback is obtained to assure client support during crisis and counseling interventions.
2. Assist new Michigan parents establish positive parenting practices through provision of parenting support services.
  - a. Provide counseling and parenting education and referrals to pediatric care, social services, child care, financial support, housing, education for improving skills or obtaining a GED, job service and vocational training programs
  - b. Provide parenting support utilizing trained counselors (degreed, non-degreed and volunteers)
3. Assist women in Michigan who thought they were experiencing an unplanned/crisis pregnancy, but who are found to be not pregnant.

- a. Provide information on the risks of sexually transmitted diseases, relationship counseling, decision-making counseling, chastity information, teen pregnancy prevention programs, and other counseling to modify risk-taking behavior
  - b. Provide services to women in this category utilizing trained counselors (degreed, non-degreed and volunteers)
4. Serve approximately 4500 women and parents of infants at approximately 12000 visits.
5. Have Service Providers establish and maintain referral lists to life-affirming Michigan public and nonprofit organizations providing care to mothers and infants to assure ongoing care and services.
  - a. Each Service Provider Organization must have the appropriate referral resources to serve clients with essential and beneficial referrals including:
    - i. Referrals for prenatal and pediatric care.
    - ii. Referrals for medical care.
    - iii. Referrals for social services organizations and support services such as:
      - i. WIC, or other nutrition programs; MIHP, or other home visiting programs; local Department of Human Services; local health department; adoption agencies; child care; financial support; housing; education for improving skills or obtaining a GED; job service and vocational training programs; or transportation services as needed.
  - b. Service Provider Organizations are responsible to assure that referral sources are pro-life and continue to be pro-life.
  - c. Service Provider Organizations are responsible to evaluate referral organizations to assure they comply with client service needs.
  - d. Information concerning referral resources will be obtained at each site Monitoring.
6. Assure that program vendor Service Providers:
  - a. Are a nonprofit organization with 501(c)3 tax exempt status
  - b. Operate an alternatives to abortion program that has a stated policy of actively promoting childbirth instead of abortion
  - c. Maintain a pro-life mission and agree not to promote, refer, or counsel abortion as an option to a crisis or unplanned pregnancy
  - d. Are physically and financially separate from any entity that advocates, performs, counsels, or refers for abortion
  - e. Understand that the funding for alternative to abortion services under this program does not include funding for the provision, referral, or advocacy of contraceptive services, drugs, or devices
  - f. Provide core services consisting of information and counseling that promotes childbirth instead of abortion, and assists pregnant women in their decision regarding adoption or parenting
  - g. Are nondiscriminatory
  - h. Agree not to promote the teaching or philosophy of any religion or religious organization while providing program services to the client
  - i. Have been in operation a minimum of one year providing core alternative to abortion services to women in a crisis pregnancy
  - j. Provide abstinence education as the best and only method of avoiding unplanned pregnancies and sexually transmitted infections
  - k. Agree to serve all eligible clients, including those with Limited English Proficiency
  - l. Will annually verify that all staff and volunteers have current Michigan State Police and Child Abuse background check clearances
  - m. Maintain client confidentiality
  - n. Will submit their counselor training materials, and policies and procedures manual for evaluation
  - o. Do not charge a fee for services to eligible clients.
  - p. Provide handicapped accessible services.

7. Assure Service Provider compliance with program policies and objectives, including:
  - a. Initial and annual site monitoring of Service Provider sites performed as described in the program description entitled: Michigan Pregnancy and Parenting Support Services Program, October 2013 – September 2016
  - b. Assure accurate record-keeping of client eligibility
  - c. Assure accurate submission of billing forms
  - d. Assure all services are provided in a respectful and non-judgmental manner
    - i. Assure all services are provided to eligible clients with limited English, hearing or visual capabilities
    - ii. Assure all services are provided with appropriate cultural sensitivities
  - e. Assure financial accountability through program site monitoring.
  - f. Ongoing quality assurance measures performed as described in the program description entitled: Michigan Pregnancy and Parenting Support Services Program, October 2013 – September 2016
8. Assure compliance with program reporting requirements. Quarterly Reports are to be submitted to [DFCH@michigan.gov](mailto:DFCH@michigan.gov) by 45 days after the end of the quarter. The Quarterly Reports will, at a minimum, provide a total accounting of the following activities of the Service Providers:
  - a. Monitoring activities completed;
  - b. Monitoring Report findings for each site monitored and subsequent corrective actions taken;
  - c. Technical assistance provided;
  - d. Follow-up on site monitoring findings for Service Providers;
  - e. Direct service activities such as information/services provided or referrals made;
  - f. Significant Project(s) Status Report(s) including a brief narrative of projects described in the Work Plan, and any other significant projects or activities;
  - g. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by their county of residence, and their age reported by the following age groups:
    1. Less than 16 years old;
    2. 16 years old through 20 years old;
    3. 21 years old through 25 years old;
    4. 26 years old through 30 years old;
    5. 31 years old through 35 years old;
    6. 36 years old through 40 years old;
    7. 41 years old through 45 years old;
    8. 46 years old and older.
  - h. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by race, by county, by age (White, African American, Native American, Asian, multi-racial, unknown/not declared)
  - i. The number of pregnant women, non-pregnant women and parenting women served (separate reports for each of these three client types), by ethnicity, by county, by age (Hispanic, non-Hispanic)
  - j. The number of visits by pregnant women, non-pregnant women and parenting women (separate reports for each of these three client types), by county, by age.
    1. Hotline calls from Michigan and number of subsequent referrals to Service Providers
    2. Public Information activities in Michigan
  - k. Report number of Service Provider referrals by type:
    1. Prenatal care providers
    2. Pediatric care providers



I. Report of client outcomes

1. Number of clients indicating they are choosing childbirth
2. Number of clients who visited or are planning to visit a health care provider for prenatal care.
3. Number of clients who have taken their child to a pediatric appointment.
4. Number of clients with infants up to date in immunizations.
5. Number of clients who felt supported at the end of their counseling session.

**PROGRAM BUDGET SUMMARY**  
MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

View at 100% or Larger  
Use WHOLE DOLLARS Only

<b>PROGRAM</b> Michigan Pregnancy and Parenting Support Services Program			<b>DATE PREPARED</b> 6/9/2016		<b>Page</b> 1	<b>Of</b> 3
<b>GRANTEE NAME</b> Real Alternatives			<b>BUDGET PERIOD</b> From: 10/1/2013 To: 12/31/2016			
<b>MAILING ADDRESS (Number and Street)</b> 7810 Allentown Blvd., Suite 304			<b>BUDGET AGREEMENT</b> <input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> AMENDMENT ►		<b>AMENDMENT #</b> 6	
<b>CITY</b> Harrisburg	<b>STATE</b> PA	<b>ZIP CODE</b> 17112	<b>FEDERAL ID NUMBER</b> 23-2868660			
<b>EXPENDITURE CATEGORY</b>						<b>TOTAL BUDGET</b>
1. SALARIES & WAGES						
2. FRINGE BENEFITS						
3. TRAVEL						
4. SUPPLIES & MATERIALS						
5. CONTRACTUAL (Subcontracts/Subrecipients)						
6. EQUIPMENT						
7. OTHER EXPENSES						
Administrative Expenses						\$184,798
Services Expenses						\$1,365,202
8. TOTAL DIRECT EXPENDITURES (Sum of Lines 1-7)			\$0	\$0	\$0	\$1,500,000
9. INDIRECT COSTS: Rate #1 %						
INDIRECT COSTS: Rate #2 %						
10. TOTAL EXPENDITURES			\$0	\$0	\$0	\$1,550,000

**SOURCE OF FUNDS**

11. FEES & COLLECTIONS				
12. STATE AGREEMENT				\$1,500,000
13. LOCAL				
14. FEDERAL				
15. OTHER(S)				
16. TOTAL FUNDING	\$0	\$0	\$0	\$1,550,000
<b>AUTHORITY:</b> P.A. 368 of 1978			The Department of Health and Human Services is an equal opportunity employer, services and programs provider.	
<b>COMPLETION:</b> Is Voluntary, but is required as a condition of funding				

## PROGRAM BUDGET – COST DETAIL SCHEDULE

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

View at 100% or Larger  
Use WHOLE DOLLARS Only

Page 2 Of 3

<b>PROGRAM</b> Michigan Pregnancy and Parenting Support Services		<b>BUDGET PERIOD</b>		<b>DATE PREPARED</b>
		From: 10/1/2013	To: 12/31/2016	6/9/2016
<b>GRANTEE NAME</b> Real Alternatives		<b>BUDGET AGREEMENT</b>		<b>AMENDMENT # 6</b>
		<input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> AMENDMENT		
<b>1. SALARY &amp; WAGES</b>	<b>POSITION DESCRIPTION</b>	<b>COMMENTS</b>	<b>POSITIONS REQUIRED</b>	<b>TOTAL SALARY</b>
	President & CEO		1	\$56,413
	VP – Administration		1	\$18,289
	Assistant Director of Finance		1	\$1,777
	Accountant		1	\$5,372
	Bookkeeper		1	\$3,831
				\$0
				\$0
<b>1. TOTAL SALARIES &amp; WAGES:</b>			5	\$85,682
<b>2. FRINGE BENEFITS (Specify)</b>				
<input checked="" type="checkbox"/> FICA <input type="checkbox"/> LIFE INS. <input checked="" type="checkbox"/> DENTAL INS.      COMPOSITE RATE <input checked="" type="checkbox"/> UNEMPLOY INS. <input checked="" type="checkbox"/> VISION INS. <input checked="" type="checkbox"/> WORK COMP.      AMOUNT 0.00% <input checked="" type="checkbox"/> RETIREMENT <input type="checkbox"/> HEARING INS. <input checked="" type="checkbox"/> HOSPITAL INS. <input checked="" type="checkbox"/> OTHER (specify) <u>Accrued Vacation</u>				
<b>2. TOTAL FRINGE BENEFITS:</b>				\$29,899
<b>3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)</b>				
<b>3 TOTAL TRAVEL:</b>				\$813
<b>4. SUPPLIES &amp; MATERIALS (Specify if category exceeds 10% of Total Expenditures)</b>				
Postage/Shipping: \$3,105; Office Expense: \$13,105; Computer Resources: \$13,399				
<b>4. TOTAL SUPPLIES &amp; MATERIALS:</b>				\$29,609
<b>5. CONTRACTUAL (Specify Subcontracts/Subrecipients)</b>				
<u>Name</u>	<u>Address</u>	<u>Amount</u>		
Consulting		\$5,205		
Legal		\$1,000		
<b>5. TOTAL CONTRACTUAL:</b>				\$6,205
<b>6. EQUIPMENT (Specify items)</b>				
<b>6. TOTAL EQUIPMENT:</b>				\$0
<b>7. OTHER EXPENSES (Specify if category exceeds 10% of Total Expenditures)</b>				
Auditing: \$5,199; Rent: \$18,071; Telephone: \$2,746; General Liability Insurance: \$804; Insurance – Directors & Officers: \$1,944; Professional Development: \$1,412; Equipment Service: \$834 Job Advertising/Employee Screening: \$1,500				
<b>7. TOTAL OTHER:</b>				\$32,590
<b>8. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-7)</b>			<b>8. TOTAL DIRECT EXPENDITURES:</b>	
			\$184,798	
<b>9. INDIRECT COST CALCULATIONS</b>		Rate #1: Base \$0 X Rate 0.0000 % Total		\$ 0
		Rate #2: Base \$0 X Rate 0.0000 % Total		\$ 0
<b>9. TOTAL INDIRECT EXPENDITURES:</b>				\$ 0
<b>10. TOTAL EXPENDITURES (Sum of lines 8-9)</b>				\$184,798
AUTHORITY: P.A. 308 of 1978		The Department of Health and Human Services is an equal opportunity employer, services and programs provider.		
COMPLETION: Is Voluntary, but is required as a condition of funding				
DCH-0386 (E) (Rev 02/13) (W) Previous Edition Obsolete. Use Additional Sheets as Needed				

## PROGRAM BUDGET – COST DETAIL SCHEDULE

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

Page 3 Of 3

View at 100% or Larger  
Use WHOLE DOLLARS Only

<b>PROGRAM</b> Michigan Pregnancy and Parenting Support Services		<b>BUDGET PERIOD</b>		<b>DATE PREPARED</b>
		From: 10/1/2013	To: 12/31/2016	6/9/2016
<b>GRANTEE NAME</b> Real Alternatives		<b>BUDGET AGREEMENT</b>		<b>AMENDMENT # 6</b>
		<input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> AMENDMENT		
<b>1. SALARY &amp; WAGES</b>	<b>POSITION DESCRIPTION</b>	<b>COMMENTS</b>	<b>POSITIONS REQUIRED</b>	<b>TOTAL SALARY</b>
	Vice President of Operations		1	\$47,041
	Services Coordinator		1	\$6,937
	Services Assistance		1	\$1,363
	Service Provider Approval		1	\$10,749
	Billing Coordinator		1	\$7,697
	Service Provider Monitoring		1	\$9,431
	Hotline Counselor		1	\$1,553
<b>1. TOTAL SALARIES &amp; WAGES:</b>			7	\$84,771
<b>2. FRINGE BENEFITS (Specify)</b>				
<input checked="" type="checkbox"/> FICA <input checked="" type="checkbox"/> LIFE INS. <input checked="" type="checkbox"/> DENTAL INS.      COMPOSITE RATE <input checked="" type="checkbox"/> UNEMPLOY INS. <input checked="" type="checkbox"/> VISION INS. <input checked="" type="checkbox"/> WORK COMP.      AMOUNT 0.00% <input checked="" type="checkbox"/> RETIREMENT <input type="checkbox"/> HEARING INS. <input checked="" type="checkbox"/> HOSPITAL INS. <input checked="" type="checkbox"/> OTHER (specify) <u>Accrued Vacation</u>				
<b>2. TOTAL FRINGE BENEFITS:</b>				\$22,532
<b>3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)</b>				
<b>3 TOTAL TRAVEL:</b>				\$8,082
<b>4. SUPPLIES &amp; MATERIALS (Specify if category exceeds 10% of Total Expenditures)</b>				
Client Education Materials: \$106,642; Pregnancy Test Kits: \$4,711				
<b>4. TOTAL SUPPLIES &amp; MATERIALS:</b>				\$111,353
<b>5. CONTRACTUAL (Specify Subcontracts/Subrecipients)</b>				
<u>Name</u>	<u>Address</u>	<u>Amount</u>		
Services Database Consulting & Development		\$24,203		
Counseling Reimbursement		\$874,140		
<b>5. TOTAL CONTRACTUAL:</b>				\$898,343
<b>6. EQUIPMENT (Specify items)</b>				
<b>6. TOTAL EQUIPMENT:</b>				\$0
<b>7. OTHER EXPENSES (Specify if category exceeds 10% of Total Expenditures)</b>				
Services Advertising: \$234,068; Meetings/Seminars: \$5,000; Hotline Referral System: \$1,053				
<b>7. TOTAL OTHER:</b>				\$240,121
<b>8. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-7)</b>		<b>8. TOTAL DIRECT EXPENDITURES:</b>		\$1,365,202
<b>9. INDIRECT COST CALCULATIONS</b>		Rate #1: Base \$0 X Rate 0.0000 % Total		\$ 0
		Rate #2: Base \$0 X Rate 0.0000 % Total		\$ 0
		<b>9. TOTAL INDIRECT EXPENDITURES:</b>		\$ 0
<b>10. TOTAL EXPENDITURES (Sum of lines 8-9)</b>				\$1,365,202
AUTHORITY: P.A. 368 of 1978		The Department of Health and Human Services is an equal opportunity employer, services and programs provider.		
COMPLETION: Is Voluntary, but is required as a condition of funding				
DCH-0386 (E) (Rev 02/13) (W) Previous Edition Obsolete. Use Additional Sheets as Needed				

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**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Friday, August 05, 2016 5:34 PM  
**To:** Dunbar, Paulette Dobynes (DHHS); Charest, Deanna (DHHS)  
**Subject:** Response to legislative inquiry into the Real Alternatives Program in Michigan edits  
**Attachments:** Response to legislative inquiry into the Real Alternatives Program in Michigan edits.docx

Okay, Paulette, I went through your comments and accepted the changes you made and made the changes we discussed, see my changes and comments. The MIHP visit rate I put in was their office visit rate not the home visiting rate (which is 20 dollars more) So I deleted that addition you had made.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
PO Box 30195, 109 W. Michigan Ave., Lansing, Michigan 48909  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

## **Response to legislative inquiry into the Real Alternatives Program in Michigan**

- 1. What state funds, if any, are directly or indirectly allocated to crisis pregnancy centers in the state? Please provide a list of names and locations of such organizations that receive state funding.**

Real Alternatives, a nonprofit corporation of Harrisburg, Pennsylvania; is the contracted provider for the Michigan Pregnancy and Parenting Support Services Program. The organization subcontracts with local crisis pregnancy centers to deliver services. The program has been allocated General Funds as follows: FY 2014 – \$700,000, FY 2015 - \$800,000, and FY 2016 - \$50,000. For FY 2017, \$400,000 has been allocated, however, the funding source changed to Temporary Assistance for Needy Families (TANF), a federal source.

Due to a slow start up, the first two years the program was significantly underspent. As a result, the FY '14 contract was extended to a multi-year contract to allow for set up of service delivery and expenditure of the funding. Currently, the program operates under a multi-year contract 10/1/13 – 12/31/2016, which will need to be extended to include the FY 2017 funding and program expectations.

As of March 31, 2016, Real Alternatives has contracted with nine service providers in Michigan supporting a total 28 service sites, as reported in their most recent quarterly report. The services providers and their areas of operation are:

- Bethany Christian Services, located in several counties in the lower peninsula of Michigan
- Catholic Charities, Diocese of Kalamazoo
- Catholic Charities of South East Michigan
- Catholic Charities of West Michigan
- Catholic Social Services Washtenaw County
- Lennon Pregnancy Center, Dearborn Heights, MI
- Pregnancy Aid, Detroit, MI
- St. Vincent Catholic Charities, Lansing, MI
- Women's Care Center, Niles, MI

- 2. What federal funds, if any, are directly or indirectly allocated to crisis pregnancy centers in the state? Please provide a list of names and locations of such organizations receiving federal funding.**

Real Alternatives contract for the Michigan Pregnancy and Parenting Support Services Program has not included any federal funds in previous years. However, the FY 2017 State Budget allocated \$400,000 of TANF revenue for this program indicating it must promote childbirth, alternatives to abortion and grief counseling (Sec. 1307 of PA 268 of 2016).

- 3. How many women access services at state-funded crisis pregnancy centers on an annual basis? What are the demographic data of women accessing the services of a crisis pregnancy center including, but not limited to age ranges, race, education level, geographic region of the state?**

Other than this Michigan Pregnancy and Parenting Support Services Program by Real Alternatives, we are unaware of any state funding directed to any crisis pregnancy centers. As of March 31, 2016, Real Alternatives reported a total of 2,658 clients seen since the beginning of the program in October 2013. The program has grown each year; reporting 403 clients served in the first year, 1,379 clients in the second year, and 876 in the first two quarters of this fiscal year.

The service area is the southern Lower Peninsula, primarily Wayne, Berrien, Kalamazoo, Macomb, Cass, Oakland and Washtenaw Counties. Based on the most recent quarterly report, 68% of the women seen were pregnant seeking services, 24% were parents seeking services, and 8% were non-pregnant women who received pregnancy tests or education/counseling. In terms of race, 36% were white, 40% were African-American, 1% were Native American, 4% were multi-racial, and 5% identified as Hispanic. In terms of age, 25% were <20 year of age, 30% were 21-25 years, 25% were 26-30 years, and 19% were 31-40 years of age. Education level statistics are not reported.

**4. What services, both medical and non-medical, are provided by state-funded crisis pregnancy centers? How are clients informed of available services as well as what services are not provided?**

In the past and the current Section 1307 of PA 268 of 2017, require the following services for the qualified service providers of the Michigan Pregnancy and Parenting Support Program: free counseling, support, and referral services to eligible women during pregnancy through 12 months after birth. The stated goals for client outcomes are an increase in client support, in childbirth choice, adoption knowledge, parenting skills, and abstinence education.

The state funding contract with Real Alternatives identifies the following services to be provided free of charge to pregnant, non-pregnant and parenting women: pregnancy testing, evaluation of client needs, supportive counseling, parenting education, and referrals for prenatal, pediatric and other medical care, social services and other support services. The following services are identified to be offered to women who present for services but are found not to be pregnant: information about the risks of sexually transmitted diseases, relationship counseling, decision-making counseling, chastity information, teen pregnancy prevention programs, and counseling to modify risk-taking behavior.

Neither the funding legislation nor the state contract require that the program inform clients about what specific services are offered and what services are not offered through the program. The legislation specifies the goal of promoting childbirth, alternatives to abortion, and abstinence education. The contract indicates that all service providers must operate an alternative to abortion program and have a stated policy of actively promoting childbirth instead of abortion and must agree not to promote, refer, or counsel abortion as an option to a crisis or unplanned pregnancy. The contract also indicates that providers must understand that funding for alternatives to abortion services does not include funding for the provision, referral, or advocacy of contraceptive services, drugs, or devices, and must provide abstinence education as the best and only method of avoiding unplanned pregnancies and sexually transmitted infections.

**5. What medical and legal standards are state-funded crisis pregnancy centers held to in terms of providing medically accurate and objective information to clients? What are the medical and legal ramifications for state licensed medical professional or any member of staff at such a center carry for providing medically inaccurate information including, but not limited to, alleged links between abortions and breast cancer, the effects of abortion on future fertility and the effects of abortion on mental health?**

While some U.S. cities, counties, and one state, California, have legislated standards for crisis pregnancy centers to provide medically accurate information, accurately inform clients of the scope of their services, or provide information about comprehensive reproductive health services, we are not aware of any regulation or licensing of such centers in Michigan.

Michigan Pregnancy and Parenting Support Services Program operated by Real Alternatives does not operate or present itself as a medical care program. Providers offer free self-administered pregnancy test kits and provide counseling and referrals; some, but not all, providers offer food, clothing and/or furniture pantry visits for clients. The state contract specifies that all services are provided utilizing trained counselors (degreed, non-degreed and volunteers). Real Alternatives requires their providers to submit their counselor training materials, policies, and procedure manuals for evaluation and Real Alternatives provide training and monitor sites.

The approved program description and work plan in the state contract stipulates the following requirements for service providers: that they establish and maintain referral lists to public and non-profit organizations providing care to mothers and infants to assure ongoing care and services. In addition, service providers are responsible to evaluate referral organizations to assure they comply with client needs. Referral sources must include: referrals for prenatal and pediatric care, medical care, social services and support services organizations. The program description and work plan also stipulates that providers are required to maintain a pro-life mission and agree not to promote abortions, refer women for abortions, or counsel women to have an abortion as an option to a crisis pregnancy.

The program description and work plan in the state contract requires that providers assure the following client safe guards: must be nondiscriminatory; serve all eligible clients including those with limited English proficiency; maintain client confidentiality; provide handicapped accessible services; and assure services are provided in a respectful, non-judgmental and culturally sensitive manner. The work plan also stipulates that all provider staff and volunteers have state police and child abuse background check clearances.

**6. Are State-funded crisis pregnancy centers required to disclose their religious affiliation to clients seeking services? If not, do any voluntarily disclose their religious affiliation?**

The only contractual requirement regarding religion in the state funded program is that providers must agree not to promote the teaching or philosophy of any religion or religious organization while providing program services to the client. Most of the sub-contracted providers are religiously affiliated programs and provide services within their facilities. For faith-based providers, the contract work plan describes prohibited spiritual/religious activities and the required separation in terms of time and location between program activities and spiritual activities if a client requests spiritual support in addition to program services.

**7. Are any state licensed medical professional required to be on the premises or on the staff of a crisis pregnancy center? Whether required or not, how many licensed medical professionals are currently on staff at state-funded pregnancy centers? Do any crisis pregnancy centers inform clients whether or not the facility has any state licensed medical professionals on the premises or on its staff?**

The state funded Real Alternatives program does not require that subcontracted crisis pregnancy centers or service sites have licensed medical professional on the premises. Staff and volunteers are required to have training reviewed by the program according to its standards for counseling, but are not required by the state contract to disclose their training or licensure to clients.

**8. Do any state-funded crisis pregnancy centers provide ultrasound examinations? If so who performs and interprets the ultrasound? How are the results disclosed to clients, how are records maintained, and do clients have the ability to take a record of their ultrasound results with them?**



The state funded Real Alternatives program does not include ultrasound examinations in its scope of services and does not provide ultrasounds as a part of its pregnancy and parenting support services. Providers are required to have referral resources for medical care and services.

While the Real Alternatives program does not include providing ultrasounds, there are crisis pregnancy centers in Michigan that do offer ultrasounds. Centers offering free ultrasounds are currently listed on the MDHHS Informed Consent for Abortion website: [http://www.michigan.gov/mdhhs/0,5885,7-339-73971\\_4909---,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73971_4909---,00.html)

- 9. Do crisis pregnancy centers collect any confidential medical information through their intake, examination process or other means? If so, how are such medical records stored and maintained? Who has access to them and are they in compliance with HIPAA or any other federal and state requirements governing medical privacy?**

As noted above, the state funded Real Alternatives program is a non-medical program. However, given that clients are provided pregnancy test kits, counseling, education, and referral services that are then billed and reported to Real Alternatives, they do collect and handle personal, confidential information. Providers are required to assure confidentiality as part of the contract and have site review monitoring by Real Alternatives. MDHHS staff have monitored the development and setting up of this program through quarterly reports, financial status reports, and status review conference calls. Now that service sites have been established, we intend to begin service site reviews in FY 2017 to review compliance with the state contract.

- 10. How are billing rates and reimbursements for the state calculated? How do those rates compare with Medicaid billing rates?**

Billing rates for the Real Alternatives program were established in consultation with the MDHHS Division of Contracts, Division of Family & Community Health and Real Alternatives at the beginning of this contract.

Since the Real Alternatives is not a medical program, comparison with Medicaid billing rates is difficult and the services provided are not equivalent in terms of medical requirements; however, a comparison of rates for something like a pregnancy test, a counseling visit, or class can be approximated:

- a) The rates for reimbursement for counseling or referral time (using non-licensed staff) in the Real Alternative program is \$1.09 per minute. The Medicaid rate for the professional preventive health counseling visit requiring licensed staff in the Maternal Infant Health Program (MIHP), a service for pregnant and infant parenting women would be \$60.72 a minimum half hour visit, which approximates to \$2.02 per minute.
- b) The rate for a class for the Real Alternatives program (parenting class, abstinence class) is \$21.80 (non-licensed staff). The Medicaid rate for the MIHP program is \$29.46 for birthing class and \$39.46 for parenting class (licensed staff).
- c) The Real Alternatives program rate for a self-administered pregnancy test kit is \$10.90. The Medicaid reimbursement rate for a urine pregnancy test run as part of a family planning visit in a Title X Family Planning clinic is \$4.74.

**11. How do state funded crisis pregnancy centers measure success of their goals? Does the state require performance tracking or a progress dashboard of any kind?**

The program initially set a client performance goal of 2,000 per year. In the first two years of operation, 1,782 women were served. As of March 31, 2016, Real Alternatives reported that 876 women had been served since the beginning of the current fiscal year. To date, the target of 2,000 women served per year has not been met, however the program has gotten service providers in plan and is starting to serve more women.

The state contract with Real Alternatives requires reporting of the following:

- a) Provider training and monitoring activities
- b) Expenditures
- c) Clients served by age, client type (pregnant, non-pregnant, parenting women), race, ethnicity, and county
- d) Services provided by counseling type, referral type, and classes; hotline calls/referrals, and public outreach activities
- e) Report of referrals for prenatal care and pediatric care
- f) Report of outcomes:
  - 1) Clients choosing childbirth
  - 2) Clients reporting prenatal care visits
  - 3) Clients reporting pediatric care visits
  - 4) Clients reporting infants up-to-date on immunizations
  - 5) Clients reporting they felt supported at end of a counseling visit

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, August 18, 2016 3:24 PM  
**To:** FSRMDHHS; Klein, Breann (DHHS)  
**Subject:** Real Alternatives FSR for June 2016  
**Attachments:** RealAlternativesJune16FSR.pdf

Good afternoon Breann,  
Attached please find the approved Real Alternatives FSR for June

*Barbara (Quess) Derman, MSW*

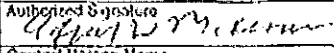
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
PO Box 30195, 109 W. Michigan Ave., Lansing, Michigan 48909  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**FINANCIAL STATUS REPORT**  
Michigan Department of Community Health

<b>Local Agency Name</b> <b>Real Alternatives</b> <b>Street Address</b> <b>7810 Allentown Blvd, Ste 304</b> <b>City, State, ZIP Code</b> <b>Harrisburg PA 17112</b>		<b>Contract Number</b> <b>20142043</b>		<b>Page</b> 1	<b>Of</b> 1
		<b>Preprint</b> <b>MI Pregnancy &amp; Parenting Support Services</b>		<b>Code</b>	
<b>Report Period</b> <b>1-Jun-16 Thru 30-Jun-16</b>		<b>Date Prepared</b> <b>7/27/2016</b>		<b>FF ID Number</b> <b>23-2868660</b>	
<b>Agreement Period</b> <b>1-Oct-13 Thru 31-Dec-16</b>					

Category	Expenditures		Agreement	
	Current Period	Agreement YTD	Budget	Balance
1. Salaries and Wages				
2. Fringe Benefits				
3. Travel				
4. Supplies and Materials				
5. Contractual (Sub-Contracts)				
6. Equipment				
7. Other Expenses				
Administrative Expenses	9,747.78	136,701.10	184,798.00	48,096.90
Services Expenses	59,668.32	960,641.60	1,365,202.00	404,560.40
8. TOTAL DIRECT	69,416.10	1,097,342.70	1,550,000.00	452,657.30
9a. Indirect Costs Rate #1: %				
9b. Indirect Costs Rate #2: %				
10. TOTAL EXPENDITURES	69,416.10	1,097,342.70	1,550,000.00	452,657.30
SOURCE OF FUNDS:				
11. State Agreement	69,416.10	1,097,342.70	1,550,000.00	452,657.30
12. Local				
13. Federal				
14. Other				
15. Fees & Collections				
16. TOTAL FUNDING	69,416.10	1,097,342.70	1,550,000.00	452,657.30

**CERTIFICATION:** I certify that I am authorized to sign on behalf of the local agency and that this is an accurate statement of expenditures and collections for the report period. Appropriate documentation is available and will be maintained for the required period to support costs and receipts reported.

<b>Authorized Signature</b> 	<b>Date</b> <b>7/27/2016</b>	<b>Title</b> <b>Vice President - Administration</b>
<b>Contact Person Name</b> <b>Clifford W. McKeown</b>		<b>Telephone Number</b> <b>717.541.7833</b>

**FOR STATE OFFICE USE ONLY**

	Advance	INDEX	PCA	OBJ. CODE	AMOUNT
Advance Outstanding					
Advance Issued or Applied					
Balance					
<b>Message:</b>					
<b>Authority:</b> P.A. 388 of 1978 <b>Completion:</b> is a condition of Reimbursement			The Department of Community Health is an equal opportunity, employer, services, and programs provider.		

DCH 93241(6) (Rev. 4/04) (Excel) Previous Edition Obsolete

*Reviewed and  
approved  
Baker*

Real Alternatives  
Actual Administrative Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 01/15 - 12/31/16	Oct 2013 to May 2016 YTD	June 2016	Oct 2013 to June 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 01/15 - 12/31/16
<b>Personnel</b>							
President & CEO	33,413.41	17,999.68	45,406.11	4,426.98	49,833.09	-	6,579.91
VP - Administration	9,289.68	9,000.32	12,694.74	1,399.54	14,094.28	-	4,194.72
Assistant Director of Finance	1,776.83	0.12	1,776.83	-	1,776.88	-	0.12
Accountant	2,672.26	2,749.64	3,427.01	376.18	3,803.19	-	1,563.81
Bookkeeper	1,330.74	2,500.21	1,799.55	186.68	1,986.23	-	1,844.77
Professional Development	412.49	999.61	940.32	-	940.37	-	471.68
Accrued Vacation & Sick							
Payroll Taxes	2,823.13	2,749.87	3,716.24	330.48	4,046.72	-	1,536.28
Workers Compensation Insurance	233.46	199.54	288.83	10.45	299.28	-	133.72
Pension	1,382.74	1,500.28	1,696.29	137.59	1,833.88	-	1,049.12
Employee Group Insurance	13,600.05	7,999.95	15,840.47	718.87	16,559.34	-	4,440.66
Job Advertising		1,000.00				-	1,000.00
New Employee Screening		500.00				-	500.00
<b>Total Personnel</b>	<b>71,293.99</b>	<b>47,199.01</b>	<b>87,586.44</b>	<b>7,586.77</b>	<b>95,173.21</b>	<b>-</b>	<b>23,319.79</b>
<b>Operating</b>							
Consulting	2,209.22	2,099.78	2,787.79	488.03	3,275.82	-	1,929.18
Legal		1,000.00	161.50		164.50	-	835.50
Postage/Shipping	1,101.87	2,000.13	1,558.29	243.62	1,801.91	-	1,303.09
Auditing	2,699.07	2,499.98	3,378.91	701.55	3,580.46	-	1,618.54
Travel/Lodging	312.68	500.32	312.68		312.68	-	500.32
Rent	8,071.15	9,999.85	10,429.71	410.42	10,840.13	-	7,230.87
Telephone Service	1,746.19	999.81	2,273.40	222.10	2,495.50	-	250.50
General Business Liability Insurance	383.58	500.42	484.95	19.12	504.07	-	379.93
Insurance-Directors & Officers	944.33	999.67	1,191.35	46.60	1,237.95	-	706.05
Office Expense	3,804.93	9,300.07	4,442.44	485.30	4,927.74	(0.06)	8,177.32
Computer Resources	11,899.00	1,500.00	11,899.00		11,899.00	-	1,500.00
<b>Total Operating</b>	<b>33,170.97</b>	<b>32,300.03</b>	<b>38,923.02</b>	<b>2,116.74</b>	<b>41,039.76</b>	<b>(0.06)</b>	<b>24,431.30</b>
<b>Equipment</b>							
Equipment Service Contracts	333.04	500.00	443.86	44.27	488.13	-	345.87
<b>Total Administrative Expenses</b>	<b>104,798.00</b>	<b>80,000.00</b>	<b>126,953.32</b>	<b>9,747.78</b>	<b>136,701.10</b>	<b>(0.06)</b>	<b>48,096.96</b>

Real Alternatives  
Actual Services Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	Oct 2013 - May 2016 YTD	June 2016	Oct 2013 - June 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>							
Vice President	32,041.18	14,999.82	38,140.00	2,229.28	40,969.28		6,071.72
Services Coordinator	3,938.71	3,000.29	6,128.78	796.50	6,925.28		11.72
Services Assistance	864.45	499.55	2,734.81	84.86	2,819.67		(1,456.67)
Service Provider Approval	5,746.39	5,002.61	5,849.89	1.98	5,851.87		4,897.13
Billing Coordinator	4,196.60	3,600.40	5,042.60	165.96	5,208.56		2,488.44
Service Provider Monitoring	6,433.50	2,997.50	6,433.50		6,433.50		2,997.50
Hotline Counselor	552.54	1,000.46	\$14.88	95.49	910.37		612.63
Accrued Vacation & Sick							
Payroll Taxes	3,751.78	2,750.22	4,840.80	268.80	5,109.60		1,392.40
Workers Compensation Insurance	187.82	150.18	233.13	8.55	241.68		96.32
Pension	1,218.94	1,250.06	1,481.47	79.59	1,561.06		907.94
Employee Group Insurance	2,223.54	4,599.46	9,858.20	413.97	10,772.17		2,950.83
<b>Total Personnel</b>	<b>67,152.45</b>	<b>40,150.55</b>	<b>81,558.06</b>	<b>4,744.98</b>	<b>86,303.04</b>		<b>20,999.96</b>
<b>Operating</b>							
Client Education Materials	6,642.33	99,999.69	72,818.77	4,088.97	76,907.24		29,734.76
Services Advertising	124,068.14	109,999.87	190,517.04	12,189.71	202,706.75	0.06	31,361.19
Meetings/Seminars		5,000.00					5,000.00
Travel	3,081.64	5,000.38	3,081.64		3,081.64		5,000.38
SVCS Database Consulting & Dev	14,202.94	10,000.00	14,840.44	552.50	15,392.94		8,810.06
Client Services	377,789.64	490,350.38	534,163.22	37,652.96	571,816.18		302,323.82
Hotline Referral System	553.59	489.41	735.51	35.90	771.41		281.59
Contract Closeout Cost							
<b>Total Operating</b>	<b>526,338.25</b>	<b>726,849.75</b>	<b>816,156.12</b>	<b>54,520.04</b>	<b>870,676.16</b>	<b>0.06</b>	<b>382,511.78</b>
<b>Equipment</b>							
Pregnancy Test Kits	1,711.30	2,999.70	3,259.10	403.30	3,662.40		1,048.60
<b>Total Services Expenses</b>	<b>\$95,202.00</b>	<b>770,000.00</b>	<b>900,973.28</b>	<b>59,668.32</b>	<b>960,641.60</b>	<b>0.06</b>	<b>404,560.34</b>

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 3:19 PM  
**To:** Hensler, Jeanette (DHHS)  
**Cc:** Dunbar, Paulette Dobynes (DHHS)  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

FY 2017 State Budget allocated \$400,000 of TANF revenue for this program (Sec. 1307 of PA 268 of 2016).

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Hensler, Jeanette (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:38 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

What section of the appropriation is from for FY 2017?  
Thank you,  
Jeanette,

**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:33 PM  
**To:** Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>; Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Yes, this is the allocation for FY 2017. Okay Thanks

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Hensler, Jeanette (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:26 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>; Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Is this additional funding from FY 2017? If yes, please ask Real Alternatives for the new budgets and any additional statement of work. Once we get those we can put the amendment together for you.

Thank you,  
Jeanette

**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:20 PM  
**To:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>  
**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Yes, I was going to ask you about that. I'll plan on working on that early next week..

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Dunbar, Paulette Dobynes (DHHS)  
**Sent:** Tuesday, August 30, 2016 1:28 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>  
**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** FW: Real Alternatives Michigan Program Expenses for July 2016

Quess, I see the organization has plenty of money in their balance to keep working into '17 but we should work to put the \$400K into their budget at the next amendment. Unless, Jeanette, we are to have other instructions. Thanks.

**From:** Cliff [<mailto:ra-finance@comcast.net>]  
**Sent:** Tuesday, August 30, 2016 12:56 PM  
**To:** FSRMDHHS <[FSRMDHHS@michigan.gov](mailto:FSRMDHHS@michigan.gov)>; Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Tom Lang <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Subject:** Real Alternatives Michigan Program Expenses for July 2016

Please see attached Real Alternatives Michigan FSR for July 2016.  
Best Regards,  
Cliff McKeown



**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:21 PM  
**To:** Cliff; FSRMDHHS; Dunbar, Paulette Dobyne (DHHS)  
**Cc:** Tom Lang  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Thanks Cliff

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Cliff [mailto:ra-finance@comcast.net]  
**Sent:** Tuesday, August 30, 2016 12:56 PM  
**To:** FSRMDHHS <FSRMDHHS@michigan.gov>; Derman, Barbara (DHHS) <DermanB@michigan.gov>; Dunbar, Paulette Dobyne (DHHS) <dunbarp@michigan.gov>  
**Cc:** Tom Lang <ra-operations@comcast.net>  
**Subject:** Real Alternatives Michigan Program Expenses for July 2016

Please see attached Real Alternatives Michigan FSR for July 2016.  
Best Regards,  
Cliff McKeown

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 4:24 PM  
**To:** FSRMDHHS; Klein, Breann (DHHS)  
**Subject:** Real Alternatives FSR for July  
**Attachments:** RealAlternativesFSRJuly16.pdf

Good afternoon Breann,  
Attached please find the Real Alternatives FSR for July. Please let me know if you have any questions.

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**FINANCIAL STATUS REPORT**  
Michigan Department of Community Health

Local Agency Name <b>Real Alternatives</b> Street Address <b>7810 Allentown Blvd, Ste 304</b> City, State, ZIP Code <b>Harrisburg PA 17112</b>		Contract Number <b>20142043</b>		Page <b>1</b>	Of <b>1</b>
		Program <b>MI Pregnancy &amp; Parenting Support Services</b>		Code	
		Report Period <b>1-Jul-16 Thru 31-Jul-16</b> <input type="checkbox"/> Final		Date Prepared <b>8/29/16</b>	
		Agreement Period <b>1-Oct-13 Thru 31-Dec-16</b>		FE ID Number <b>23-2868660</b>	

Category	Expenditures		Agreement	
	Current Period	Agreement YTD	Budget	Balance
1. Salaries and Wages				
2. Fringe Benefits				
3. Travel				
4. Supplies and Materials				
5. Contractual (Sub-Contracts)				
6. Equipment				
7. Other Expenses				
Administrative Expenses	4,422.59	141,123.69	184,798.00	43,674.31
Services Expenses	41,441.87	1,002,083.47	1,365,202.00	383,118.53
8. TOTAL DIRECT	45,864.46	1,143,207.16	1,550,000.00	406,792.84
9a. Indirect Costs Rate #1: %				
9b. Indirect Costs Rate #2: %				
10. TOTAL EXPENDITURES	45,864.46	1,143,207.16	1,550,000.00	406,792.84
<b>SOURCE OF FUNDS:</b>				
11. State Agreement	45,864.46	1,143,207.16	1,550,000.00	406,792.84
12. Local				
13. Federal				
14. Other				
15. Fees & Collections				
16. TOTAL FUNDING	45,864.46	1,143,207.16	1,550,000.00	406,792.84

**CERTIFICATION:** I certify that I am authorized to sign on behalf of the local agency and that this is an accurate statement of expenditures and collections for the report period. Appropriate documentation is available and will be maintained for the required period to support costs and receipts reported.

Authorized Signature <i>Clifford W. McKeown</i>	Date <b>8/29/16</b>	Title <b>Vice President - Administration</b>
Contact Person Name <b>Clifford W. McKeown</b>	Telephone Number <b>717.641.7833</b>	

**FOR STATE OFFICE USE ONLY**

	Advance	INDEX	PCA	OBJ. CODE	AMOUNT
Advance Outstanding					
Advance Issued or Applied					
Balance					

Message:

Authority: PA. 368 of 1978 Completion: Is a condition of Reimbursement	The Department of Community Health is an equal opportunity, employer, services, and programs provider.
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DCH-0334(16) (Rev 4/04) (Fixed) Previous Edition Canceled

*Reviewed & approved  
Barbara B. Deanna  
8/30/2016*

Real Alternatives  
Actual Administrative Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	July 2016	Oct 2013 to July 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
President & CEO	38,413.41	17,999.59	1,460.51	51,293.60	-	5,119.40
VP - Administration	9,383.08	9,000.32	302.60	14,396.88	-	3,892.12
Assistant Director of Finance	1,776.88	0.12	-	1,776.88	-	0.12
Accountant	2,627.36	2,749.64	123.80	3,926.99	-	1,445.01
Bookkeeper	1,330.79	2,500.21	19.59	2,005.87	-	1,825.18
Professional Development	412.49	999.51	206.96	1,147.28	-	264.72
Accrued Vacation & Sick	-	-	-	-	-	-
Payroll Taxes	2,833.13	2,749.87	47.18	4,093.90	-	1,489.10
Workers Compensation Insurance	233.46	199.54	13.21	312.49	-	120.51
Pension	1,382.74	1,500.26	48.78	1,882.16	-	1,000.84
Employee Group Insurance	13,000.05	7,999.95	646.88	17,206.22	-	3,793.78
Job Advertising	-	1,000.00	-	-	-	1,000.00
New Employee Screening	-	500.00	-	-	-	500.00
<b>Total Personnel</b>	<b>71,293.99</b>	<b>47,199.01</b>	<b>2,869.01</b>	<b>98,042.22</b>	<b>-</b>	<b>20,450.78</b>
<b>Operating</b>						
Consulting	2,705.22	2,999.78	160.63	3,436.45	-	1,768.55
Legal	-	1,000.00	-	164.50	-	835.50
Postage/Shipping	1,104.87	2,000.13	157.78	1,959.69	-	1,145.31
Auditing	2,699.02	2,499.98	183.48	3,763.94	-	1,435.06
Travel/Lodging	312.68	500.32	-	312.68	-	500.32
Rent	5,071.15	9,999.85	569.68	11,409.81	-	6,661.19
Telephone Service	1,745.19	999.81	52.27	2,547.77	-	198.73
General Business Liability Insurance	383.58	500.42	26.11	530.18	-	353.82
Insurance-Directors & Officers	944.33	999.67	65.19	1,303.14	-	640.86
Office Expense	3,804.93	9,300.07	319.06	5,246.80	(0.06)	7,858.26
Computer Resources	11,899.00	1,500.00	-	11,899.00	-	1,500.00
<b>Total Operating</b>	<b>33,170.97</b>	<b>32,300.03</b>	<b>1,534.20</b>	<b>42,573.96</b>	<b>(0.06)</b>	<b>22,897.10</b>
<b>Equipment</b>						
Equipment Service Contracts	333.04	500.95	19.38	507.51	-	326.49
<b>Total Administrative Expenses</b>	<b>104,798.00</b>	<b>80,000.00</b>	<b>4,422.59</b>	<b>141,123.69</b>	<b>(0.06)</b>	<b>43,674.37</b>

Real Alternatives  
Actual Services Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	July 2016	Oct 2013 - July 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
Vice President	32,041.18	14,099.82	711.74	41,681.02		5,359.98
Services Coordinator	3,936.71	3,000.29	126.94	7,052.72		(115.72)
Services Assistance	863.45	499.55	233.15	3,052.82		(1,689.82)
Service Provider Approval	5,745.39	5,002.61	9.57	5,861.44		4,287.56
Billing Coordinator	4,198.00	3,500.40	56.16	5,264.72		7,432.28
Service Provider Monitoring	6,433.50	2,997.50	224.67	6,658.17		2,772.83
Hotline Counselor	552.54	1,000.46	38.12	948.49		604.51
Accrued Vacation & Sick						
Payroll Taxes	3,751.78	2,760.22	106.93	5,216.53		1,285.47
Workers Compensation Insurance	187.87	150.18	10.81	252.49		85.51
Pension	1,718.94	1,250.06	35.95	1,597.01		871.99
Employee Group Insurance	8,223.54	4,599.46	372.28	10,644.45		2,578.55
<b>Total Personnel</b>	<b>67,157.45</b>	<b>40,150.55</b>	<b>1,926.32</b>	<b>88,229.36</b>		<b>19,073.64</b>
<b>Operating</b>						
Client Education Materials	8,642.41	99,999.69	15.20	76,922.44		29,719.56
Services Advertising	174,068.13	109,999.87	7,000.00	704,706.75	0.06	29,361.19
Meetings/Seminars		5,000.00	250.00	250.00		4,750.00
Travel	3,031.64	5,000.36	979.84	4,061.48		4,020.52
Srvcs Database Consulting & Dev	14,202.94	10,000.06	63.75	15,456.69		8,746.31
Client Services	377,789.64	496,350.36	35,906.78	607,722.96		266,417.04
Hotline Referral System	553.59	499.41	38.38	809.79		243.21
Contract Closeout Cost						
<b>Total Operating</b>	<b>526,338.25</b>	<b>726,849.75</b>	<b>39,253.95</b>	<b>909,930.11</b>	<b>0.06</b>	<b>343,257.83</b>
<b>Equipment</b>						
Pregnancy Test Kits	1,711.30	2,999.70	261.60	3,924.00		787.00
<b>Total Services Expenses</b>	<b>595,202.00</b>	<b>770,000.00</b>	<b>41,441.87</b>	<b>1,002,083.47</b>	<b>0.06</b>	<b>363,118.47</b>

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, August 31, 2016 9:32 AM  
**To:** Hensler, Jeanette (DHHS); Dunbar, Paulette Dobynes (DHHS)  
**Cc:** Geist, Laura (DHHS)  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Jeanette,

Paulette and I would like to set up a conference call with you to talk about this. Can you suggest some times when you would be available for a call. I am out of the office tomorrow and next Tuesday. Thanks.

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

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**Sent:** Tuesday, August 30, 2016 4:37 PM  
**To:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Hi Paulette,

I'm just wondering if other agencies could do the work for Pregnancy and Parenting Support Services instead of Real Alternatives. I'm concerned that they seem to have issues completing the services within the original timelines. It is highly unusual to continue to extend a grant agreement. We typically have a new award each fiscal year.

Thank you,  
Jeanette

**From:** Dunbar, Paulette Dobynes (DHHS)  
**Sent:** Tuesday, August 30, 2016 4:33 PM  
**To:** Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>; Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

The citation of the funding source is in our section of the boilerplate. Also, the departments boilerplate assignments chart has PHCSA Sue Moran and Brenda Fink listed as the assignees. See page 38 of the list. So we assumed it is our assignment.

**From:** Hensler, Jeanette (DHHS)  
**Sent:** Tuesday, August 30, 2016 4:28 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Cc:** Dunbar, Paulette Dobynes (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Geist, Laura (DHHS) <[GeistL1@michigan.gov](mailto:GeistL1@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Are you sure you must work with Real Alternatives for this initiative? The appropriation does not name the agency this year. Let me know if what you think.

Thank you,  
Jeanette

**From:** Derman, Barbara (DHHS)  
**Sent:** Tuesday, August 30, 2016 2:20 PM  
**To:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>; Hensler, Jeanette (DHHS) <[HenslerJ1@michigan.gov](mailto:HenslerJ1@michigan.gov)>  
**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July 2016

Yes, I was going to ask you about that. I'll plan on working on that early next week..

*Barbara (Quess) Derman, MSW*  
Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
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Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
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**Cc:** Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** FW: Real Alternatives Michigan Program Expenses for July 2016

Quess, I see the organization has plenty of money in their balance to keep working into '17 but we should work to put the \$400K into their budget at the next amendment. Unless, Jeanette, we are to have other instructions. Thanks.

**From:** Cliff [<mailto:ra-finance@comcast.net>]  
**Sent:** Tuesday, August 30, 2016 12:56 PM  
**To:** FSRMDHHS <[FSRMDHHS@michigan.gov](mailto:FSRMDHHS@michigan.gov)>; Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Cc:** Tom Lang <[ra-operations@comcast.net](mailto:ra-operations@comcast.net)>  
**Subject:** Real Alternatives Michigan Program Expenses for July 2016

Please see attached Real Alternatives Michigan FSR for July 2016.  
Best Regards,  
Cliff McKeown

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, September 01, 2016 2:52 PM  
**To:** Scott-Wirt, Della (DHHS)  
**Subject:** Accepted: Real Alternatives Michigan Program Expenses for July, 2016



**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Thursday, September 01, 2016 2:54 PM  
**To:** Dunbar, Paulette Dobyns (DHHS); Scott-Wirt, Della (DHHS)  
**Cc:** Charest, Deanna (DHHS)  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July, 2016

Sounds good, thanks

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Dunbar, Paulette Dobyns (DHHS)  
**Sent:** Thursday, September 01, 2016 11:17 AM  
**To:** Scott-Wirt, Della (DHHS) <[scott-wirtd@michigan.gov](mailto:scott-wirtd@michigan.gov)>  
**Cc:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>; Charest, Deanna (DHHS) <[CharestD@michigan.gov](mailto:CharestD@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July, 2016

Great. Thanks. I will put your number 241-3770 on my calendar.

**From:** Scott-Wirt, Della (DHHS)  
**Sent:** Thursday, September 01, 2016 10:31 AM  
**To:** Dunbar, Paulette Dobyns (DHHS) <[dunbarp@michigan.gov](mailto:dunbarp@michigan.gov)>  
**Subject:** RE: Real Alternatives Michigan Program Expenses for July, 2016

You could call me and I will transfer your call into the conference room. My number is. Thank you.

-----Original Appointment-----

**From:** Dunbar, Paulette Dobyns (DHHS)  
**Sent:** Thursday, September 01, 2016 9:56 AM  
**To:** Scott-Wirt, Della (DHHS)  
**Subject:** Tentative: Real Alternatives Michigan Program Expenses for July, 2016  
**When:** Thursday, September 08, 2016 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).  
**Where:** GrandTower-Room-12B

The time is fine however, may we have as a conference call? We can call in to your conference room if you send us the number. Thanks for the consideration.

**Derman, Barbara (DHHS)**

---

**Subject:** FW: Real Alternatives Michigan Program Expenses for July, 2016  
**Location:** GrandTower-Room-12B  
  
**Start:** Thu 9/8/2016 2:00 PM  
**End:** Thu 9/8/2016 3:00 PM  
**Show Time As:** Tentative  
  
**Recurrence:** (none)  
  
**Meeting Status:** Not yet responded  
  
**Organizer:** Scott-Wirt, Della (DHHS)

-----Original Appointment-----

**From:** Scott-Wirt, Della (DHHS)  
**Sent:** Thursday, September 01, 2016 9:46 AM  
**To:** Scott-Wirt, Della (DHHS); Hensler, Jeanette (DHHS); Geist, Laura (DHHS); Dunbar, Paulette Dobynes (DHHS); Derman, Barbara (DHHS)  
**Subject:** Real Alternatives Michigan Program Expenses for July, 2016  
**When:** Thursday, September 08, 2016 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).  
**Where:** GrandTower-Room-12B

241-3770

**Derman, Barbara (DHHS)**

---

**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, September 26, 2016 2:10 PM  
**To:** Fink, Brenda (DHHS)  
**Subject:** FW: FYI: Re: Real Alternatives

Meant to copy you on this as well

*Barbara (Quess) Derman, MSW*

Public Health Consultant, Reproductive & Preconception Health  
Michigan Department of Health and Human Services  
109 W. Michigan Ave, 3<sup>rd</sup> Floor, Lansing, Michigan 48913  
Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Derman, Barbara (DHHS)  
**Sent:** Monday, September 26, 2016 2:09 PM  
**To:** Dunbar, Paulette Dobynes (DHHS) <dunbarp@michigan.gov>; Hensler, Jeanette (DHHS) <HenslerJ1@michigan.gov>; Charest, Deanna (DHHS) <CharestD@michigan.gov>  
**Subject:** FYI: Re: Real Alternatives

<http://www.post-gazette.com/news/state/2016/09/26/State-to-begin-audit-of-abortion-alternative-group/stories/201609260035>

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[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**Derman, Barbara (DHHS)**

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**From:** Derman, Barbara (DHHS)  
**Sent:** Wednesday, September 28, 2016 3:19 PM  
**To:** FSRMDHHS; Klein, Breann (DHHS)  
**Subject:** FW: August FSR for Real Alternatives  
**Attachments:** RealAlternativesFSRAugust2016.pdf

Attached is the Real Alternatives FSR for August

*Barbara (Quess) Derman, MSW*

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Phone: 517-335-8696 Fax: 517-335-8822 Cell: 517-449-5968  
[DermanB@michigan.gov](mailto:DermanB@michigan.gov)

**From:** Stiles, Judy L. (DHHS)  
**Sent:** Wednesday, September 28, 2016 2:49 PM  
**To:** Derman, Barbara (DHHS) <[DermanB@michigan.gov](mailto:DermanB@michigan.gov)>  
**Subject:** FSR

*Judy Stiles*

Dept. of Health and Human Services  
Division of Family and Community Health  
517-335-8499  
FAX 517-335-8822

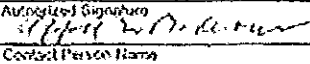
**FINANCIAL STATUS REPORT**  
Michigan Department of Community Health

Local Agency Name		Contract Number <b>20142043</b>		Pays	1	Cl	1
Real Alternatives		Program <b>MI Pregnancy &amp; Parenting Support Services</b>		Code			
Street Address <b>7810 Allentown Blvd, Ste 304</b>		Report Period <b>1-Aug-16 Thru 31-Aug-16</b> <input type="checkbox"/> Final		Date Prepared <b>9/26/16</b>			
City, State, ZIP Code <b>Harrisburg PA 17112</b>		Agreement Period <b>1-Oct-13 Thru 31-Dec-16</b>		FLE ID Number <b>23-2868660</b>			

Category	Expenditures		Agreement	
	Current Period	Agreement YTD	Budget	Balance
1. Salaries and Wages				
2. Fringe Benefits				
3. Travel				
4. Supplies and Materials				
5. Contractual (Sub-Contracts)				
6. Equipment				
7. Other Expenses				
Administrative Expenses	6,162.44	147,276.13	184,798.00	37,521.87
Services Expenses	59,215.38	1,061,298.85	1,365,202.00	303,903.15
8. TOTAL DIRECT	65,367.82	1,208,574.98	1,550,000.00	341,425.02
9a. Indirect Costs Rate #1: %				
9b. Indirect Costs Rate #2: %				
10. TOTAL EXPENDITURES	65,367.82	1,208,574.98	1,550,000.00	341,425.02
<b>SOURCE OF FUNDS:</b>				
11. State Agreement	65,367.82	1,208,574.98	1,550,000.00	341,425.02
12. Local				.
13. Federal				.
14. Other				.
15. Fees & Collections				.
16. TOTAL FUNDING	65,367.82	1,208,574.98	1,550,000.00	341,425.02

**CERTIFICATION:** I certify that I am authorized to sign on behalf of the local agency and that this is an accurate statement of expenditures and collections for the report period. Appropriate documentation is available and will be maintained for the required period to support costs and receipts reported.

Authorized Signature 	Date <b>9/26/16</b>	Title <b>Vice President - Administration</b>
Contact Person Name <b>Clifford W. McKeown</b>	Telephone Number <b>717.541.7833</b>	

**FOR STATE OFFICE USE ONLY**

	Advance	INDEX	PCA	OBJ. CODE	AMOUNT
Advance Outstanding					
Advance Issued or Applied					
Balance					

Message:

Authority: PA. 358 of 1978 Completion: is a condition of Reimbursement	The Department of Community Health is an equal opportunity, employer, services, and programs provider.
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DCHE334(E) (Rev. 2004) (Fisc.) Previous Edition: 10/1/04

*Reviewed & approved for payment*  
*Donna M. [Signature]*  
*9/28/16*

Real Alternatives  
Actual Administrative Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	Aug 2016	Oct 2013 to Aug 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
President & CEO	12,513.41	17,999.59	2,008.68	53,302.78		3,110.72
VP - Administration	9,728.68	9,000.32	1,028.27	15,425.15		2,863.85
Assistant Director of Finance	1,776.28	0.12		1,776.88		0.12
Accountant	2,622.36	2,749.64	252.98	4,179.97		1,192.03
Bookkeeper	1,330.79	2,500.21	225.29	2,231.11		1,599.89
Professional Development	112.49	999.51	40.60	1,187.88		224.12
Accrued Vacation & Sick						
Payroll Taxes	2,833.13	2,749.87	123.91	4,217.81		1,365.19
Workers Compensation Insurance	233.16	199.54	16.13	328.62		104.38
Pension	1,382.74	1,500.26	89.47	1,971.63		911.37
Employee Group Insurance	13,000.05	7,999.95	644.07	17,850.29		3,149.71
Job Advertising		1,000.00	1.05	1.05		998.95
New Employee Screening		500.00				500.00
<b>Total Personnel</b>	<b>71,293.99</b>	<b>47,199.01</b>	<b>4,430.45</b>	<b>102,472.67</b>		<b>16,020.33</b>
<b>Operating</b>						
Consulting	1,705.22	2,999.78	143.50	3,579.95		1,625.05
Legal		1,000.00		164.50		835.50
Postage/Shipping	1,104.87	2,000.13	288.15	2,247.84		857.16
Auditing	1,699.02	2,499.98	224.06	3,988.00		1,211.00
Travel/Lodging	312.68	500.32		312.68		500.32
Rent	8,071.15	9,999.85	709.81	12,119.62		5,951.38
Telephone Service	1,756.19	999.81	117.75	2,665.52		80.48
General Business Liability Insurance	383.58	500.42	31.89	562.07		321.93
Insurance-Directors & Officers	944.33	999.67	79.60	1,382.74		561.26
Office Expense	1,204.93	9,300.07	75.47	5,322.27	(0.06)	7,782.79
Computer Resources	11,899.00	1,500.00		11,899.00		1,500.00
<b>Total Operating</b>	<b>31,170.97</b>	<b>32,300.03</b>	<b>1,670.23</b>	<b>44,244.19</b>	<b>(0.06)</b>	<b>21,226.87</b>
<b>Equipment</b>						
Equipment Service Contracts	333.04	500.96	51.76	559.77		274.73
<b>Total Administrative Expenses</b>	<b>104,798.00</b>	<b>80,000.00</b>	<b>6,152.44</b>	<b>147,276.13</b>	<b>(0.06)</b>	<b>37,521.93</b>

Real Alternatives  
Actual Services Expenses  
Michigan: Fiscal Year 2013-2015

Cost Category	FY 13-15 Revised Budget at 2/4/16	FY 15-16 Budgeted Dollars 10/1/15 - 12/31/16	Aug 2016	Oct 2013 - Aug 2016 YTD	\$700,000 Remaining Budget FY 13-15	\$800,000 Remaining Budget 10/1/15 - 12/31/16
<b>Personnel</b>						
Vice President	22,041.18	14,999.82	2,459.71	44,140.73		2,900.27
Services Coordinator	3,916.71	3,000.29	642.99	7,695.21		(758.21)
Services Assistance	851.45	400.55	899.37	3,952.19		(2,589.19)
Service Provider Approval	5,746.39	5,002.81		5,861.44		4,887.56
Billing Coordinator	4,196.60	3,500.40	187.20	5,451.92		2,243.08
Service Provider Monitoring	6,433.50	2,997.50	966.07	7,674.24		1,806.76
Hotline Counselor	587.54	1,000.46	98.34	1,046.83		506.17
Accrued Vacation & Sick						
Payroll Taxes	1,751.78	2,750.22	353.85	5,570.38		931.62
Workers Compensation Insurance	137.82	150.18	13.20	265.69		72.31
Pension	1,718.94	1,250.06	137.20	1,734.21		734.79
Employee Group Insurance	3,723.54	4,999.46	370.66	11,015.11		2,207.89
<b>Total Personnel</b>	<b>67,152.85</b>	<b>40,150.55</b>	<b>6,128.59</b>	<b>94,357.95</b>		<b>12,945.05</b>
<b>Operating</b>						
Client Education Materials	6,632.31	99,099.89	5.46	76,927.90		29,716.10
Services Advertising	124,068.13	109,999.87	7,589.25	212,296.00	0.00	21,771.94
Meetings/Seminars		5,000.00	195.38	445.38		4,554.62
Travel	1,021.64	5,000.36	388.05	4,449.53		3,632.47
Srvcs Database Consulting & Dev	14,202.94	10,000.06	340.00	15,796.69		8,406.31
Client Services	377,789.61	496,350.36	44,222.39	651,945.35		222,194.65
Hotline Referral System	553.59	499.41	51.96	861.75		191.25
Contract Closeout Cost						
<b>Total Operating</b>	<b>526,338.25</b>	<b>726,849.75</b>	<b>52,792.49</b>	<b>962,722.60</b>	<b>0.00</b>	<b>290,465.34</b>
<b>Equipment</b>						
Pregnancy Test Kits	1,711.80	2,999.70	294.30	4,218.30		492.70
<b>Total Services Expenses</b>	<b>595,202.00</b>	<b>770,000.00</b>	<b>59,215.38</b>	<b>1,061,298.85</b>	<b>0.00</b>	<b>303,903.09</b>